Annual Financial Report

December 31, 2010

City Manager
Gus Collins

City Clerk Shane Shields

Kenneth L. Cooper, Jr Certified Public Accountant Wellington, Kansas

City of Wellington, Kansas Statutory Basis Financial Statements

Year Ended December 31, 2010

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City of Wellington, Kansas Statutory Basis Financial Statements

Year Ended December 31, 2010

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KENNETH L COOPER JR CPA, CHTD

Certified Public Accountant

Independent Auditor's Report

To the Honorable Mayor and City Council City of Wellington Wellington, Kansas

I have audited the accompanying primary government financial statements of the City of Wellington, Kansas, as of and for the year ended December 31, 2010 and the individual fund statements for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The financial statements do not include financial data for the City's legally separate, discretely presented component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles, the cash and unencumbered cash, revenues received and expenditures incurred by the aggregate discretely presented component units have been omitted from these statements, and although not reasonably determinable, are presumed to be material.

As described more fully in Note 1, the City has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In my opinion, because of the effects of the matters discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2010, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

In my opinion, the primary government financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the City of Wellington, Kansas, as of December 31, 2010, and the revenues it received, expenditures it incurred and budgetary results for the years ended December 31, 2010 and 2009 (individual

funds only) on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued my report dated July 22, 2011, on my consideration of the City of Wellington's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

My audit was performed for the purpose of forming an opinion on the primary government financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the primary government financial statements of the City of Wellington, Kansas. Likewise, Schedules 4 and 5 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the primary government financial statements, taken as a whole. The City of Wellington, Kansas' responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs and have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

Kamech C Cooper Ch Certified Public Accountant

KENNETH L COOPER JR CPA, CHTD

Certified Public Accountant

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANICIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mayor and City Council City of Wellington, Kansas

I have audited the primary government financial statements prepared on the prescribed basis of accounting of the City of Wellington, Kansas as of and for the year ended December 31, 2010, and have issued my report thereon dated July 22, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Wellington, Kansas' internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Wellington, Kansas' internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of Wellington, Kansas' internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified a deficiency in internal control over financial reporting that I considered to be a material weakness and a deficiency that I consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness: Item 2010-1.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged

with governance. I consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency: Item 2010-2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Wellington, Kansas' financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of the City of Wellington, Kansas in a separate letter dated July 22, 2011.

The City of Wellington's response to the findings indentified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit the City of Wellington's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, the City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

July 22, 2011

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KENNETH L COOPER JR CPA, CHTD

Certified Public Accountant

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON A MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mayor and City Council City of Wellington, Kansas

Compliance

I have audited the compliance of the City of Wellington, Kansas, with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on the City of Wellington's major federal programs for the year ended December 31, 2010. The City of Wellington, Kansas' major program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the major federal program is the responsibility of the City of Wellington, Kansas' management. My responsibility is to express an opinion on the City of Wellington, Kansas' compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Wellington, Kansas' compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the City of Wellington, Kansas' compliance with those requirements.

In my opinion, the City of Wellington, Kansas, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

The management of the City of Wellington, Kansas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the City of Wellington, Kansas' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for

the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City of Wellington, Kansas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

July 22, 2011

Summary of Cash Receipts, Expenditures and Unencumbered Cash

For the Year Ended December 31, 2010

						Add Outstanding	5
	Beginning	Prior Year			Ending	Encumbrances	Ending
	Unencumbered	Cancelled	Cash		Unencumbered	and Accounts	Cash
<u>Funds</u>	Cash Balance	Encumbrances	Receipts	Expenditures	Cash Balance	Payable	Balance
General	\$ 1,224,113	\$ 17,870	\$ 7,010,864	\$ 7,009,227	\$ 1,243,620	\$ 213,115	\$ 1,456,735
Special Revenue Funds:							
Ambulance & Fire Fighting Equip	28,036	_	125,425	129,578	23,883	_	23,883
Library	13,946	_	187,302	188,742	12,506	_	12,506
Permanent Cemetery Endowment	114,994	_	2,287	318	116,963	_	116,963
Special City Highway	1,575	-	207,030	197,937	10,668	23,000	33,668
Special Alcohol and Drug	2,459	-	12,292	11,250	3,501	2,563	6,064
Special Parks & Recreation	28,896	_	12,396	-	41,292	· -	41,292
Tourism and Convention	63,440	-	49,944	38,104	75,280	1,092	76,372
Emergency Shelter Grant	· -	-	8,616	8,616	-	· <u>-</u>	-
Special Liability Expense	331,299	-	303,333	281,990	352,642	_	352,642
Equipment Reserve	198,289	14,157	202,810	183,177	232,079	107,225	339,304
FEMA Grant Fund	44,478	-	-	7,842	36,636	· <u>-</u>	36,636
Wellington Airport FAA Grant	(5,921)	-	5,921	-	-	-	-
Hazmat Response	1,346	-	848	634	1,560	-	1,560
Fire Prevention and Education	1,031	-	438	487	982	-	982
Hospital Sales Tax Fund	-	_	279,162	279,162	-	-	-
SCCDAT Grant Fund	(8,941)	-	180,507	189,012	(17,446)	420	(17,026)
Debt Service Funds:							
Bond and Interest	112,104	-	713,595	749,544	76,155	-	76,155
SRMC-PBC Bond Fund	-	-	135,655	135,655	-	-	-
Capital Projects Funds:							
Special Improvements	86,573	-	315	-	86,888	-	86,888
Capital Improvements	1,448,610	741	683,762	930,847	1,202,266	40,133	1,242,399
Coyote Ridge Dev. Fund	10,767	-	-	-	10,767	-	10,767
Beaver Creek Dev. Fund	(73,928)	-	186,202	85,230	27,044	58,661	85,705
Public Building Commission	-	-	1,167,386	1,153,345	14,041	180	14,221
Waste Water Treatment Plant	(1,325,723)	71,095	5,243,242	4,155,169	(166,555)	76,387	(90,168)
H Street Sewer Fund	12,538	-	45	-	12,583	-	12,583
Hargis Creek Lift Station	(4,736)	410	2,602,565	2,949,291	(351,052)	228,445	(122,607)
Proprietary Funds							
Electric, Waterworks & Sewage							
Utility System Operating Fund	13,282,068	900	15,365,778	15,897,337	12,751,409	670,373	13,421,782
Multi Year Capital Improvement	560,461	35,702	553,933	561,335	588,761	209,073	797,834
Electric, Waterworks & Sewage							
Construction Fund	-	-	-	-	-	-	-
Sanitation Utility	242,068	-	1,171,510	1,339,309	74,269	36,335	110,604
Sanitation Equipment Reserve	336,626	-	274,853	332,884	278,595	84,216	362,811
Municipal Golf Course	30,459	-	310,679	335,899	5,239	1,776	7,015
Golf Course Capital Improvement	11,317	-	10,055	-	21,372	-	21,372
Municipal Airport	192,368	-	360,637	365,521	187,484	675	188,159
Employee Benefit Contribution	488,797	-	1,198,751	1,052,850	634,698	-	634,698

Summary of Cash Receipts, Expenditures and Unencumbered Cash

For the Year Ended December 31, 2010

						Add Outstanding	
	Beginning	Prior Year			Ending	Encumbrances	Ending
	Unencumbered	Cancelled	Cash		Unencumbered		Cash
<u>Funds</u>	Cash Balance	Encumbrances	Receipts	Expenditures	Cash Balance	Payable	Balance
Fiduciary Funds:							
Public Library Trust	365,808	-	1,325	3,834	363,299	-	363,299
Annie Hamilton Trust	1,591	-	6	-	1,597	_	1,597
Mildred Share McLean Trust	9,327	-	34	-	9,361	-	9,361
Mausoleum Maintenance	13,688	-	50	-	13,738	_	13,738
Regional Park Trust	100,943	-	9,456	31,716	78,683	-	78,683
Municipal Auditorium Renovation	409,533	-	1,486	1,547	409,472	_	409,472
Recreation Trust	(8,051)	1,019	35,355	1,684	26,639	-	26,639
Municipal Golf Course Trust	7,103	-	25	1,504	5,624	-	5,624
Ambulance Service Trust	630	-	2	-	632	-	632
Municipal Airport Trust	1,418	-	5	-	1,423	-	1,423
Nichols Family Trust	1,669	-	333	383	1,619	-	1,619
Drug Tax Distribution Trust	6,836	-	95	1,674	5,257	-	5,257
Cemetery Beautification Trust	6,234	-	498	464	6,268	-	6,268
Cara Saunders Memorial Trust	483	-	2	-	485	-	485
Drug Awareness Trust	9,308	-	7,682	9,285	7,705	-	7,705
Housing Authority Reserve	172,820	-	-	-	172,820	-	172,820
Law Enforcement Trust	4,031	-	12,327	13,960	2,398	-	2,398
Employee Community Service	72				72		72
Total	<u>\$ 18,552,852</u>	<u>\$ 141,894</u>	\$38,636,819	\$38,636,344	\$ 18,695,221	\$ 1,753,669	\$ 20,448,890
Composition of Cash Balance:							
Cash in checking account:	***						.
Security State Bank, Wellington,							\$ 186
Bank of Commerce, Wellington,							(99,843)
Bank of Commerce Employee Bo		-	170				634,698
Bank of Commerce Public Bldg		ount, Wellington	n, KS				14,221
First National Bank, Wellington,		7 111 4 IZG					10
Security State Bank, Utility Petty							3,000
Cornerbank Employee Benefit ac	count, weilingto	n, KS					(23)
Cash in savings account:							40
Cornerbank, Wellington, KS Bank of Commerce, Wellington,	VC						4,060,062
Cash in certificates of deposit	KS						4,000,002
First National Bank, Wellington,	KS						1,500,000
Security State Bank, Wellington,							500,000
CornerBank, Wellington, KS	KS						1,200,000
Cash on hand							1,750
Investments							1,750
Edward Jones-US Government N	Money Fund						1
Edward Jones-US Treasury Note	-						6,757,913
State of Kansas Municipal Invest							5,890,248
•							
Total Cash and investments							20,462,263
Agency Funds per Statement 4							(13,373)
Total Primary Government (Excluding	ng Agency Funds)					\$ 20,448,890

City of Wellington, Kansas Summary of Expenditures--Actual and Budget (Statutory)

(Budgeted Funds Only)
For the Year Ending December 31, 2009

		Adjustment			
		for Qualifying	Total	Expenditures	Variance-
	Certified	Budget	Budget for	Chargeable to	Favorable/
<u>Fund</u>	Budget	Credits	Comparison	Current Year	(Unfavorable)
General	\$ 7,706,143	\$ -	\$ 7,706,143	\$ 7,009,227	\$ 696,916
Special Revenue Funds					
Ambulance and Fire Fighting Eq	124,120	20,820	144,940	129,578	15,362
Library	193,742	20,020	193,742	188,742	5,000
Special City Highway	233,927	_	233,927	197,937	35,990
Special Alcohol and Drug	16,070	_	16,070	11,250	4,820
Special Parks and Recreation	38,916	-	38,916	11,230	38,916
-	•	-		20 104	•
Tourism and Convention	104,403	-	104,403	38,104	66,299
Special Liability Expense	578,055	-	578,055	281,990	296,065
Hospital Sales Tax	345,000	-	345,000	279,162	65,838
Debt Service Funds:					
Bond & Interest	878,434	-	878,434	749,544	128,890
Propietary Funds:					
Electric, Waterworks & Sewage	17,275,412	17,275,412	34,550,824	15,897,337	18,653,487
Sanitation Utility	1,424,989	17,273,412	1,424,989	1,339,309	85,680
·	, ,	_			
Municipal Golf Course	368,270	-	368,270	335,899	32,371
Municipal Airport	410,906	-	410,906	365,521	45,385
Employee Benefit Contribution	1,622,757		1,622,757	1,052,850	569,907
Total primary government	\$ 31,321,144	\$17,296,232	\$ 48,617,376	\$27,876,450	\$20,740,926

City of Wellington, Kansas General Fund

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2010

			2010	
				Variance
	2009			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
<u>Cash Receipts</u>				
Taxes	\$2,510,086	\$2,546,900	\$ 2,467,178	\$ 79,722
Intergovernmental	349,479	253,569	310,702	(57,133)
Licenses and fees	540,323	497,214	517,220	(20,006)
Fines	75,289	72,368	85,000	(12,632)
Charges for services	648,128	605,069	626,499	(21,430)
Other revenue	28,622	63,935	9,809	54,126
Use of money and property	62,735	37,674	60,113	(22,439)
Reimbursed expense	57,262	64,239	38,345	25,894
Reimbursement from other funds	1,072,317	1,076,010	1,076,010	-
Operating transfers in	1,443,568	1,793,886	1,262,068	531,818
Total cash receipts	\$6,787,809	\$7,010,864	\$ 6,452,944	\$ 557,920
Expenditures				
General government:				
Mayor and city council	\$ 15,321	\$ 17,835	\$ 18,899	\$ 1,064
City manager's office	204,337	207,260	213,509	6,249
City clerk's office	325,334	328,578	327,356	(1,222)
Utility collections	258,542	268,236	293,758	25,522
Director of public works and recreation	85,478	89,336	89,149	(187)
General services	76,628	80,203	81,924	1,721
Contributions	8,500	7,000	7,000	-,,
Janitorial	37,555	42,449	44,149	1,700
Contingency	-	-,	1,162,500	1,162,500
Nondepartmental	101,906	99,266	94,541	(4,725)
Legal and police court	129,646	129,237	132,204	2,967
Cemetery	130,625	103,586	126,174	22,588
Planning, community development	19,000	14,200	14,000	(200)
Public safety:	15,000	11,200	1 1,000	(200)
Police department	1,231,124	1,291,954	1,343,415	51,461
Fire rescue	1,623,419	1,590,890	1,652,641	61,751
Transportation:	1,023,719	1,570,670	1,032,071	01,751
Street department	909,927	920,433	973,468	53,035
Engineering, planning and inspection	337,460	352,184	350,500	(1,684)
Engineering, planning and inspection	337,400	332,104	330,300	(1,064)

City of Wellington, Kansas General Fund

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2010

				2010		
					Variance	
		2009				Favorable
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>U</u>	<u>Infavorable)</u>
Expenditures (continued)						
Recreation and culture:						
Park department	\$	230,344	\$ 252,320	\$ 260,993	\$	8,673
Swimming pool		41,796	27,198	45,852		18,654
Municipal auditorium		34,816	34,724	33,510		(1,214)
Lake recreation		159,767	154,963	158,226		3,263
Capital outlay:						
Capital improvements		-	419,271	_		(419,271)
Other financing uses						
Operating transfers out		762,000	578,104	282,375		(295,729)
Total expenditures	\$ 6	5,723,525	\$ 7,009,227	\$ 7,706,143	\$	696,916
Receipts Over (Under) Expenditures	\$	64,284	\$ 1,637	\$ (1,253,199)	\$	1,254,836
Unencumbered Cash, Beginning	1	1,158,022	1,224,113			
Offericumbered Cash, Degitiming		1,136,022	1,224,113			
Prior Year Cancelled Encumbrances		1,807	17,870			
		· · ·				
Unencumbered Cash, Ending	\$ 1	1,224,113	\$ 1,243,620			

City of Wellington, Kansas Special Revenue Fund

Ambulance and Fire Fighting Equipment Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2010

						2010		
		2009						ariance- avorable
Cash Receipts		Actual		<u>Actual</u>		Budget		<u>ifavorable)</u>
Taxes:	₽	70.450	₽.	57.751	Φ	52 114	Φ.	4.627
Ad valorem property tax Delinquent tax	\$	70,459 2,508	\$	57,751 2,890	\$	53,114 500	\$	4,637 2,390
Intergovernmental:		2,500		2,000		500		2,550
Motor vehicle tax		14,663		9,241		12,424		(3,183)
Recreational vehicle tax		199		108		159		(51)
Other revenue Federal grant		3,615 12,651		8,739 46,550		25,730		8,739 20,820
State grant		425		-0,550		23,730		20,020
Use of money and property:								
Interest earnings		399		146		569		(423)
Total cash receipts	\$	104,919	\$	125,425	\$	92,496	\$	32,929
Expenditures								
Public safety:			_		_			
Commodities Contractual	\$	3,325	\$	48	\$	-	\$	(48)
Contingencies		-		40 -		23,470		23,470
Capital outlay		79,247		119,530		90,650		(28,880)
Other financing uses								
Operating transfers out		10,000	_	10,000		10,000		
Total expenditures	\$	92,572	\$	129,578	\$	124,120	\$	(5,458)
-								
Adjustment for qualifying budget credit						20,820		20,820
Total	\$	92,572	\$	129,578	<u>\$</u>	144,940	\$	15,362
Receipts Over (Under) Expenditures	\$	12,347	\$	(4,153)	\$	(52,444)	\$	48,291
1 / 1		,		() /				
Unencumbered Cash, Beginning		15,689		28,036				
Prior Year Cancelled Encumbrances								
Unencumbered Cash, Ending	<u>\$</u>	28,036	\$	23,883				

City of Wellington, Kansas Special Revenue Fund Library

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2010

					2010	V	ariance-
		2009					vorable
Cash Receipts		Actual	Actual		Budget		favorable)
Taxes:							
Ad valorem property tax	\$	154,253	\$ 160,158	\$	151,249	\$	8,909
Delinquent tax		5,276	6,596		2,000		4,596
Intergovernmental:							
Motor vehicle tax		31,450	20,310		27,324		(7,014)
Recreational vehicle tax	_	426	 238		349		(111)
Total cash receipts	\$	191,405	\$ 187,302	\$_	180,922	<u>\$</u>	6,380
Expenditures Government:							
Contingency	\$	-	\$ 4,000	\$	9,000	\$	5,000
Other financing uses							
Appropriation to Library Board		184,742	184,742		184,742		-
Total expenditures	\$	184,742	\$ 188,742	\$	193,742	\$	5,000
Receipts Over (Under) Expenditures	\$	6,663	\$ (1,440)	\$	(12,820)	\$	11,380
Unencumbered Cash, Beginning		7,283	 13,946				
Unencumbered Cash, Ending	\$	13,946	\$ 12,506				

Special Revenue Fund

Permanent Cemetery Endowment Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2010

Cash Receipts		2009 <u>Actual</u>		2010 <u>Actual</u>
Use of money and property:				
Interest earnings	\$	1,036	\$	420
Other revenues:				
1/3 of cemetery lots sold		2,133		1,867
Total cash receipts	<u>\$</u>	3,169	<u>\$</u>	2,287
Other Financing Uses On presting transfer to general found	\$	1,036	\$	318
Operating transfer to general fund	<u>Ф</u>	1,030	<u> </u>	310
Total expenditures	\$	1,036	<u>\$</u>	318
Receipts Over (Under) Expenditures	\$	2,133	\$	1,969
Unencumbered Cash, Beginning		112,861	_	114,994
Unencumbered Cash, Ending	<u>\$</u>	114,994	\$	116,963

Special Revenue Fund Special City Highway

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2010

		-						
Cash Receipts		2009 <u>Actual</u>		<u>Actual</u>		<u>Budget</u>	F	'ariance- avorable <u>nfavorable)</u>
Intergovernmental: Fuel tax allocation Use of money and property:	\$	195,992	\$	206,949	\$	226,500	\$	(19,551)
Interest earnings		289	_	81		259		(178)
Total cash receipts	<u>\$</u>	196,281	<u>\$</u>	207,030	<u>\$</u>	226,759	\$	(19,729)
Expenditures Transportation:								
Capital outlay	\$	63,681	\$	62,937	\$	78,937	\$	16,000
Reimbursement to General Fund Contingency		140,000		135,000		135,000 19,990		19,990
Total expenditures	\$	203,681	\$	197,937	\$	233,927	\$	35,990
Receipts Over (Under) Expenditures	\$	(7,400)	\$	9,093	<u>\$</u>	(7,168)	<u>\$</u>	16,261
Unencumbered Cash, Beginning		8,975		1,575				
Prior Year Cancelled Encumbrances	_		_	<u>-</u>				
Unencumbered Cash, Ending	\$	1,575	\$	10,668				

Special Revenue Fund Special Alcohol and Drug

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2010

	2009				Variance- Favorable			
Cash Receipts	-	<u>Actual</u>		Actual Actual	<u>Budget</u>		(Unfavorable)	
Intergovernmental:								
State of Kansas	\$	12,541	\$	12,279	\$	14,620	\$	(2,341)
Use of money and property: Interest earnings		31		13		34		(21)
Total cash receipts	\$	12,572	\$	12,292	<u>\$</u>	14,654	<u>\$</u>	(2,362)
Expenditures General Government:								
Contractual	\$	11,646	\$	11,250	\$	16,070	\$	4,820
Total expenditures	<u>\$</u>	11,646	\$	11,250	\$	16,070	\$	4,820
Receipts Over (Under) Expenditures	\$	926	\$	1,042	\$	(1,416)	<u>\$</u>	2,458
Unencumbered Cash, Beginning		1,533		2,459				
Prior Year Cancelled Encumbrances								
Unencumbered Cash, Ending	<u>\$</u>	2,459	<u>\$</u>	3,501				

Special Revenue Fund

Special Park and Recreation

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2010

			2010						
	2009						Variance- Favorable		
Cash Receipts	4	<u>Actual</u>		<u>Actual</u>		Budget	(Un	<u>favorable)</u>	
Intergovernmental:									
State of Kansas	\$	12,541	\$	12,279	\$	14,620	\$	(2,341)	
Use of money and property: Interest earnings		194		117		242		(125)	
2.0010%0 00.1	-		_					(120)	
Total cash receipts	\$	12,735	\$	12,396	\$	14,862	\$	(2,466)	
Expenditures Recreation and Culture									
Capital Outlay	\$	111	\$	_	\$	-	\$	-	
Contingency						38,916		38,916	
Total expenditures	<u>\$</u>	111	<u>\$</u>		\$	38,916	\$	38,916	
Receipts Over (Under) Expenditures	\$	12,624	\$	12,396	\$	(24,054)	<u>\$</u>	36,450	
Unencumbered Cash, Beginning		10,513		28,896					
Prior Year Cancelled Encumbrances		5,759							
Unencumbered Cash, Ending	\$	28,896	\$	41,292					

Special Revenue Fund

Tourism and Convention

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2010

					2010		
Cash Receipts	2009 <u>Actual</u>		<u>Actual</u>		<u>Budget</u>	Fa	ariance- ivorable favorable)
Intergovernmental:							
Transient guest tax	\$ 37,432	\$	49,703	\$	45,000	\$	4,703
Other revenue	500		-		-		-
Use of money and property:							
Interest earnings	637		241		812		(571)
Total cash receipts	\$ 38,569	<u>\$</u>	49,944	<u>\$</u>	45,812	<u>\$</u>	4,132
Expenditures							
General government:							
Contractual	\$ 40,308	\$	38,104	\$	45,000	\$	6,896
Commodities	_		_		_		_
Capital Outlay	_		_		_		_
Contingency	 <u> </u>		_		59,403		59,403
Total expenditures	\$ 40,308	\$	38,104	\$	104,403	\$	66,299
Receipts Over (Under) Expenditures	\$ (1,739)	\$	11,840	<u>\$</u>	(58,591)	<u>\$</u>	70,431
Unencumbered Cash, Beginning	65,179		63,440				
Prior Year Cancelled Encumbrances	 						
Unencumbered Cash, Ending	\$ 63,440	\$	75,280				

City of Wellington, Kansas

Special Revenue Fund Emergency Shelter Grant

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2010

Cash Receipts Intergovernmentals	<u>1</u>	2010 <u>Actual</u>	
Intergovernmental: Federal grant	\$	8,621	\$ 8,616
Total cash receipts	\$	8,621	\$ 8,616
Expenditures General government: Contractual Other Total expenditures	\$ <u>\$</u>	8,621 8,621	\$ 8,616 - 8,616
Receipts Over (Under) Expenditures	\$	-	\$ -
Unencumbered Cash, Beginning		-	-
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	\$		\$

City of Wellington, Kansas

Special Revenue Fund Special Liability Expense

Statement of Cash Receipts & Expenditures

For the Year Ended December 31, 2010

						2010		
		2000						ariance-
Dagainta		2009		A		Dudost		avorable
Receipts Lea of manay and managery		Actual		<u>Actual</u>		<u>Budget</u>	<u>(U</u> 1	<u>nfavorable)</u>
Use of money and property:	\$	2.769	\$	1 204	\$	2.025	\$	(1.641)
Interest earnings Other revenues	Ф	2,768 314,764	Ф	1,284 302,049	Ф	2,925 283,033	Э	(1,641) 19,016
Other revenues	_	314,704	_	302,049	_	203,033		19,010
Total receipts	<u>\$</u>	317,532	<u>\$</u>	303,333	<u>\$</u>	285,958	<u>\$</u>	17,375
Expenditures								
General government:								
Contractual services	\$	265,372	\$	281,990	\$	320,000	\$	38,010
Contingency					_	258,055		258,055
Total expenditures	<u>\$</u>	265,372	<u>\$</u>	281,990	<u>\$</u>	578,055	<u>\$</u>	296,065
Receipts Over (Under) Expenditures	\$	52,160	\$	21,343	<u>\$</u>	(292,097)	<u>\$</u>	313,440
Unencumbered Cash, Beginning		279,139		331,299				
Prior Year Cancelled Encumbrances								
Unencumbered Cash, Ending	\$	331,299	\$	352,642				

City of Wellington, Kansas

Special Revenue Fund Equipment Reserve

Statement of Cash Receipts & Expenditures

For the Year Ended December 31, 2010

	2009	2010
Receipts	<u>Actual</u>	<u>Actual</u>
Intergovernmental:		
Federal grant	\$ 38,000	\$ -
Other revenue	100	-
Other financing sources:		
Transfer from general fund	159,700	119,000
Transfer from other funds	72,222	83,810
Total receipts	270,022	202,810
Expenditures		
Capital outlay	209,955	183,177
Total expenditures	209,955	183,177
Receipts Over (Under) Expenditures	60,067	19,633
Unencumbered Cash, Beginning	138,222	198,289
Prior Year Cancelled Encumbrances		14,157
Unencumbered Cash, Ending	\$ 198,289	\$ 232,079

City of Wellington, Kansas Special Revenue Fund

FEMA Grant Fund Statement of Cash Receipts & Expenditures

For the Year Ended December 31, 2010

Receipts		2009 <u>Actual</u>		2010 <u>Actual</u>
Intergovernmental: Federal grant	\$	66,857	\$	_
Other revenue	_	<u>-</u>		
Total receipts	_	66,857		<u>-</u>
Expenditures				
Fire	\$	1,641	\$	-
Parks		41		-
Streets		3,117		-
Cemetery		140		-
Lake recreation		10,820		7,842
Electric line construction	_	14,170	_	
Total expenditures	_	29,929		7,842
Receipts Over (Under) Expenditures		36,928		(7,842)
Unencumbered Cash, Beginning		7,550		44,478
Prior Year Cancelled Encumbrances		-		<u>-</u>
Unencumbered Cash, Ending	<u>\$</u>	44,478	\$	36,636

City of Wellington, Kansas Special Revenue Fund

Wellington Airport FAA Grant

Statement of Cash Receipts & Expenditures

For the Year Ended December 31, 2010

(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

Receipts		2009 <u>Actual</u>	:	2010 <u>Actual</u>
Intergovernmental: Federal grant	\$	543,532	\$	5,921
Total receipts		543,532		5,921
Expenditures General government:				
Contractual Capital outlay	\$ 	549,453	\$	<u>-</u>
Total expenditures	_	549,453		
Receipts Over (Under) Expenditures		(5,921)		5,921
Unencumbered Cash, Beginning		-		(5,921)
Prior Year Cancelled Encumbrances		<u>-</u>		<u>-</u>
Unencumbered Cash, Ending	\$_	(5,921)	\$	

Note: This fund was not in violation of the cash basis law, as federal grant funds were receivable at 12/31/09.

City of Wellington, Kansas Special Revenue Fund

Hazmat Response

Statement of Cash Receipts & Expenditures

For the Year Ended December 31, 2010

		2009 <u>Actual</u>		2010 <u>Actual</u>
Receipts				
Other revenue	\$	589	\$	843
Use of money and property:				_
Interest earnings	_	15	_	5
Total receipts	_	604		848
Expenditures				
Public safety:	_	1,084	_	634
Total expenditures	_	1,084	_	634
Receipts Over (Under) Expenditures		(480)		214
Unencumbered Cash, Beginning		1,826		1,346
Prior Year Cancelled Encumbrances	_			<u>-</u>
Unencumbered Cash, Ending	<u>\$</u>	1,346	<u>\$</u>	1,560

City of Wellington, Kansas

Special Revenue Fund Fire Prevention and Education Statement of Cash Receipts & Expenditures

For the Year Ended December 31, 2010 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	2009 <u>Actual</u>		2010 Actual
Receipts Other revenue Use of money and property:	\$	430	\$ 435
Interest earnings		11	 3
Total receipts	-	441	 438
Expenditures			
Public safety:		335	 487
Total expenditures		335	 487
Receipts Over (Under) Expenditures		106	(49)
Unencumbered Cash, Beginning		925	1,031
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	\$	1,031	\$ 982

Special Revenue Fund Hospital Sales Tax Fund

Statement of Cash Receipts & Expenditures

For the Year Ended December 31, 2010

			2010				
	2009			Favorable			
Cash Receipts	<u>Actual</u>	Actual	Budget	(Unfavorable)			
Intergovernmental:							
Sales tax	\$ 291,628	\$ 279,162	\$ 345,000	\$ (65,838)			
Use of money and property:							
Interest earnings							
Total cash receipts	\$ 291,628	\$ 279,162	\$ 345,000	\$ (65,838)			
Expenditures							
Other financing uses							
Appropriation to Hospital Board	\$ 291,628	\$ 279,162	\$ 345,000	\$ 65,838			
Contingency	\$ 231,026	\$ 279,102	\$ 345,000	\$ 05,656 -			
Total expenditures	\$ 291,628	\$ 279,162	\$ 345,000	\$ 65,838			
Total expellentures	\$ 291,028	\$ 219,102	\$ 343,000	\$ 05,656			
Receipts Over (Under) Expenditures	\$ -	\$ -					
Unencumbered Cash, Beginning	-	-					
Prior Year Cancelled Encumbrances							
Unencumbered Cash, Ending	<u>s -</u>	<u>s -</u>					

Special Revenue Fund SCCDAT Grant Fund

Statement of Cash Receipts & Expenditures

For the Year Ended December 31, 2010

(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

Receipts Interactive and a second se		2009 <u>Actual</u>		2010 <u>Actual</u>
Intergovernmental: Federal grant	\$	129,674	\$	180,054
Other revenue		970		500
Use of money and property:		21		(47)
Interest earnings	_	21		(47)
Total receipts	<u>\$</u>	130,665	<u>\$</u>	180,507
Expenditures				
General government:				
Personal services	\$	47,204	\$	77,467
Commodities		9,398		63,235
Contractual		54,716		27,421
Other				
CMCA Youth activities		1,315		2,833
Strengthening Families		1,877		10,200
Lion's Quest		18,845		6,306
Lifeskills			_	1,550
Total expenditures	<u>\$</u>	133,355	<u>\$</u>	189,012
Receipts Over (Under) Expenditures	\$	(2,690)	\$	(8,505)
Unencumbered Cash, Beginning		(6,251)		(8,941)
Prior Year Cancelled Encumbrances				
Unencumbered Cash, Ending	\$	(8,941)	<u>\$</u>	(17,446)

Note: This fund is not in violation of the cash basis law, as federal grant funds are receivable at 12/31/09 & 12/31/10.

Debt Service Fund Bond and Interest

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2010

					2010		
		2009 Actual	Actual		Budget	F	rariance avorable favorable)
Cash Receipts							
Taxes:							
Ad valorem property tax	\$	373,249	\$ 422,956	\$	402,623	\$	20,333
Delinquent tax		11,776	15,837		3,500		12,337
Special assessments		133,095	151,755		202,283		(50,528)
Intergovernmental:							
Motor vehicle tax		70,255	49,203		66,419		(17,216)
Recreational vehicle tax		951	577		848		(271)
Use of money and property:							
Interest earnings		2,783	1,199		2,648		(1,449)
Other revenue:							
Miscellaneous		689	-		_		-
Transfers							
Transfer from general fund		15,300	13,375		13,375		-
Transfer from Ambulance & FF Equipment		10,000	10,000		10,000		-
Other financing sources							
Debt payment from Airport Authority	_	48,280	 48,693	-	52,305		(3,612)
Total cash receipts	\$	666,378	\$ 713,595	\$	754,001	\$	(40,406)
Expenditures							
Debt service:							
Principal	\$	415,000	\$ 490,000	\$	495,000	\$	5,000
Interest		254,415	259,544		268,434		8,890
Cash basis reserve		_ _	 		115,000		115,000
Total expenditures	\$	669,415	\$ 749,544	\$	878,434	\$	128,890
Receipts Over (Under) Expenditures	\$	(3,037)	\$ (35,949)	<u>\$</u>	(124,433)	\$	88,484
Unencumbered Cash, Beginning		115,141	112,104				
Prior Year Cancelled Encumbrances			 				
Unencumbered Cash, Ending	\$	112,104	\$ 76,155				

City of Wellington, Kansas Debt Service Fund SRMC-PBC Bond Fund

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2010

	2009 Actual	2010 <u>Actual</u>
Cash Receipts		
Use of money:		
Interest earnings	\$ 378	\$ -
Other financing sources:		
Transfers from Public Building Commission	334	-
Debt payment from SRMC-PBC	 56,518	135,655
Total cash receipts	\$ 57,230	<u>\$135,655</u>
Expenditures Debt service: Principal Interest	\$ 85,000 31,818	\$ 90,000 45,655
Total expenditures	\$ 116,818	\$135,655
Receipts Over (Under) Expenditures	\$ (59,588)	\$ -
Unencumbered Cash, Beginning	59,588	-
Prior Year Cancelled Encumbrances	 	
Unencumbered Cash, Ending	\$ 	<u> </u>

City of Wellington, Kansas Capital Projects Funds Statement of Cash Receipts & Expenditures For the Year Ended December 31, 2010

	Special Improvements	Capital Improvements	Coyote Ridge Dev.	Beaver Creek Dev.	Public Bldg Commission	WasteWater Treatment Plnt	H Street Sewer	Hargis Creek Lift Station
Receipts		-						
Intergovernmental:								
Federal grant/loan	\$ -	\$ -	\$ -	\$ 185,913	\$ -	\$ 5,243,891	\$ -	\$2,602,912
State of Kansas		297,360						
Other revenue:								
Miscellaneous		16,500				-		
Interest earned	315		-	289	1,222	(649)	45	(347)
Accrued interest on sale of bor	nds		-					
Prepaid assessments			_					
Donations received		1,500						
Other financing sources								
Sale of bonds			-		1,166,164			
Reimbursement of City Expen	se	2,673			, ,			
Transfer from utility reserve								_
Transfer from general fund		365,729						
Transfer from other funds	_	_	-	_	-	-	-	_
Total receipts	\$ 315	\$ 683,762	<u>\$</u>	\$ 186,202	\$ 1,167,386	\$ 5,243,242	<u>\$ 45</u>	\$2,602,565
Expenditures								
Capital outlay:								
Construction & equipment	\$ -	\$ 930,847	\$ -	\$ 61,640	\$ 1,125,131	\$ 4,014,025	\$ -	\$2,926,973
Debt service:	J	J 930,647	.	\$ 01,040	\$ 1,123,131	\$ 4,014,023	J	\$2,920,973
Principal								
Interest			_	23,590		141,144		22,318
Cost of issuance			-	23,390	28,214	141,144		22,310
Other financing uses:			-		20,214			
Transfer to general fund								
Transfer to general fund Transfer to other funds	_	_	_	_	_	_	_	_
Transfer to other rands								
Total expenditures	\$ -	\$ 930,847	\$ -	\$ 85,230	\$ 1,153,345	\$ 4,155,169	\$ -	\$2,949,291
1 0 tm 4.1p 4.1m.	<u> </u>	*************************************	<u> </u>	* ***********************************	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Receipts Over (Under) Expenditure	\$ 315	\$ (247,085)	\$ -	\$ 100,972	\$ 14,041	\$ 1,088,073	\$ 45	\$ (346,726)
Receipts Over (Older) Experientale	ф 313	\$ (247,003)	Ф -	\$ 100,972	5 14,041	\$ 1,000,073	ψ 1 3	\$ (340,720)
Unencumbered Cash, Beginning	86,573	1,448,610	10,767	(73,928)		(1,325,723)	12,538	(4,736)
Oneneumbered Cash, Beginning	60,575	1,440,010	10,707	(73,728)	_	(1,323,723)	12,550	(4,730)
D' V C HIE I						51 005		440
Prior Year Cancelled Encumbrance		741				71,095		410
Unencumbered Cash, Ending	\$ 86,888	\$ 1,202,266	\$ 10,767	\$ 27,044	\$ 14,041	<u>\$ (166,555)</u>	\$ 12,583	<u>\$ (351,052)</u>

These funds are not in violation of the cash basis law, as federal grant/loan funds Note: are receivable at 12/31/10.

City of Wellington, Kansas Capital Projects Funds Statement of Cash Receipts & Expenditures For the Year Ended December 31, 2009

		pecial	Capital Improvements		Coyote Ridge Dev.		Beaver Creek Dev.		Public Bldg Commission		WasteWater Treatment Plnt	H Street Sewer	Hargis Creek Lift Station	
Receipts														
Intergovernmental:														
Federal grant/loan	\$	-	\$	-	\$	-	\$ 1	1,063,392	\$	-	\$ 4,043,801	\$ -	\$	8,787
State of Kansas				80,175										Í
Other revenue:				*										
Miscellaneous								100			300			
Interest earned		786				69		869			1,687	606		25
Accrued interest on sale of bon-	ds					796					,			
Prepaid assessments						1,000								
Donations received						,								
Other financing sources														
Sale of bonds				220,000	6	540,000								
Reimbursement of City Expens	е			3,000		,								
Transfer from utility reserve				-,								300,000		_
Transfer from general fund				492,000								,		
Transfer from other funds		_		-		_		_		_	_	_		75,000
114440191 110111 0 41191 144140			_		_								_	70,000
Total receipts	\$	786	\$	795,175	\$ 6	541,865	\$ 1	1,064,361	\$		\$ 4,045,788	\$ 300,606	\$	83,812
Expenditures														
Capital outlay:														
Construction & equipment	\$	-	\$	299,366	\$	127	\$ 1	1,150,580	\$	-	\$ 5,436,222	\$ 288,068	\$	88,548
Debt service:														
Principal					(545,000								
Interest						18,064								
Cost of issuance						18,132								
Other financing uses:														
Transfer to general fund														
Transfer to other funds			_				_		_	334	75,000		_	
Total expenditures	\$	_	\$	299,366	\$ 6	581,323	\$ 1	1,150,580	\$	334	\$ 5,511,222	\$ 288,068	\$	88,548
•														
Receipts Over (Under) Expenditures	\$	786	\$	495,809	\$	(39,458)	\$	(86,219)	\$	(334)	\$(1,465,434)	\$ 12,538	\$	(4,736)
Unencumbered Cash, Beginning		85,787		938,486		50,225		12,291		334	9,233	-		-
Prior Year Cancelled Encumbrances				14,315							130,478			
Unencumbered Cash, Ending	\$	86,573	\$	1,448,610	\$	10,767	\$	(73,928)	\$		\$(1,325,723)	\$ 12,538	\$	(4,736)

Note: These funds are not in violation of the cash basis law, as federal grant/loan funds are receivable at 12/31/09.

City of Wellington, Kansas Enterprise Fund

Electric, Waterworks, and Sewage Utility System Operating Fund Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2010

		2010			
	2009		Favorable		
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)	
Cash Receipts	Ф. 1. 2 10.404	6 1 174 445	Ф. 1.400.0 2 7	Φ (206.400)	
Water sales and services	\$ 1,218,404	\$ 1,174,445	\$ 1,480,925	\$ (306,480)	
Sewage charges Electricity sales and services	1,239,683	1,618,221	1,677,368	(59,147)	
Penalties	12,434,293 113,086	11,703,401 125,719	12,141,559 132,000	(438,158) (6,281)	
Interest earnings	568,474	453,671	448,355	5,316	
Miscellaneous	65,759	93,811	14,000	79,811	
Kansas Power Pool refund	277,076	196,510	14,000	196,510	
Other financing sources	277,070	170,510		170,210	
Sale of bonds	_	_	_	_	
Transfers from Utility Construction fund	-	-	-	-	
Total cash receipts	\$ 15,916,775	\$15,365,778	\$15,894,207	\$ (528,429)	
•					
Expenditures Production, water and sewage	\$ 364,015	\$ 389,890	\$ 423,654	\$ 33,764	
Production, water and sewage Production, electric	\$ 364,015 7,733,430	7,830,812	\$ 423,654 7,871,498	\$ 33,764 40,686	
Distribution, water and sewage	359,139	390,784	412,673	21,889	
Distribution, water and sewage Distribution, electric	1,175,303	1,250,383	1,389,234	138,851	
Sewage treatment	294,981	336,121	329,677	(6,444)	
Contingency	291,901	-	1,775,375	1,775,375	
Admin. reimb. to general fund	860,802	868,849	868,849	-,,	
Reimbursement to special liability fund	177,668	177,668	177,668	-	
Debt service	2,222,772	2,221,991	2,221,991	-	
Non-departmental-other	112,791	91,496	84,420	(7,076)	
Other financing uses					
Cost of issuance	-	-	-	-	
Operating transfers to:				-	
General fund	1,149,004	1,705,533	1,170,373	(535,160)	
H Street Sewer fund	300,000	92.910	-	(02.010)	
Equipment reserve	72,222	83,810	550,000	(83,810)	
Utility capital improvements	550,000	550,000	550,000		
Total expenditures	\$ 15,372,127	\$15,897,337	\$17,275,412	\$ 1,378,075	
Adjustment for qualifying budget credit					
Total	\$ 15,372,127	\$15,897,337	\$17,275,412	\$ 1,378,075	
Receipts Over (Under) Expenditures	\$ 544,648	\$ (531,559)	\$ (1,381,205)	\$ 849,646	
Unencumbered Cash, Beginning	12,735,805	13,282,068			
Prior Year Cancelled Encumbrances	1,615	900			
Unencumbered Cash, Ending	\$ 13,282,068	\$12,751,409			
Silling Silling Cabin, Dilaning	,,,	,, /			

City of Wellington, Kansas Enterprise Fund

EW&S Multi-Year Capital Improvement Statement of Cash Receipts & Expenditures

For the Year Ended December 31, 2010

	2009 <u>Actual</u>	2010 <u>Actual</u>
Receipts		
Interest earnings	\$ 7,268	\$ 2,637
Other revenue		
Insurance recoveries & miscellaneous	6,141	1,296
Reimbursement from other funds	33,092	_
Other financing sources:		
Transfer from water and sewer	300,000	300,000
Transfer from electric	250,000	250,000
Transfer from EW&S Construction fund	197,844	-
Total receipts	794,345	553,933
Expenditures		
Water and Sewer:		
Vehicles	1,639	18,983
Other equipment	7,494	108,363
Equipment repairs & maintenance	19,284	
Sanitory/storm sewer line construction	-	140,690
Wasterwater treatment plant construction	16,727	16,000
Water line maintenance & construction	322,077	155,621
Water well improvement	86,882	21,252
Electric:		
Vehicles	28,036	-
Land	7,155	-
Other equipment	9,544	24,143
Electric line construction & breakers	50,078	76,283
Transfer to general fund	200,000	
Total expenditures	748,916	561,335
Receipts Over (Under) Expenditures	45,429	(7,402)
Unencumbered Cash, Beginning	504,456	560,461
Prior Year Cancelled Encumbrances	10,576	35,702
Unencumbered Cash, Ending	\$ 560,461	\$ 588,761

City of Wellington, Kansas Enterprise Fund

Electric, Waterworks & Sewage Construction Fund Statement of Cash Receipts & Expenditures

For the Year Ended December 31, 2010

		2009 <u>Actual</u>	2010 <u>Actual</u>
Receipts			
Interest earnings	\$	1,795	\$ -
Reimbursement		-	-
Other financing sources:			
Transfer from electric		-	-
Sale of bonds			
Total receipts		1,795	
Expenditures			
Capital outlay, electric		-	-
Professional & consulting, waterworks & sewage		_	-
Transfer to EW&S Multi-Year Capital Improvement fund		197,844	
• •			
Total expenditures		197,844	
Receipts Over (Under) Expenditures	((196,049)	-
Unencumbered Cash, Beginning		196,049	-
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	\$	_	\$ -

Enterprise Fund Sanitation Utility

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2010

		2010								
	2009			Favorable						
	<u>Actual</u>	<u>Actual</u>	Budget	(Unfavorable)						
Cash Receipts										
Refuse collection fees and penalties	#########	\$1,095,510	\$ 1,187,127	\$ (91,617)						
Interest	2,334	953	2,350	(1,397)						
Reimbursed expense and miscellaneous	18,600	75,047	17,500	57,547						
Total cash receipts	#########	\$1,171,510	\$ 1,206,977	\$ (35,467)						
Expenditures										
Collections:										
Personal services	\$ 313,059	\$ 322,824	\$ 337,375	\$ 14,551						
Contractual services	178,972	169,008	172,500	3,492						
Commodities	29,713	31,289	52,900	21,611						
Capital Outlay	-	961	-	(961)						
Transfer Station:										
Personal services	84,924	85,966	88,014	2,048						
Contractual services	302,341	258,465	342,690	84,225						
Commodities	21,441	30,775	24,500	(6,275)						
Capital Outlay	-	-		-						
Reimbursement to other funds	77,340	77,986	77,986	-						
Operating transfers to general	93,528	88,035	88,035	-						
Operating transfers to equipment reserve	20,000	274,000	20,000	(254,000)						
Contingency			220,989	220,989						
Total expenditures	#########	\$1,339,309	\$ 1,424,989	\$ 85,680						
Receipts Over (Under) Expenditures	\$ 31,868	\$ (167,799)	\$ (218,012)	\$ 50,213						
Unencumbered Cash, Beginning	209,550	242,068								
Prior Year Cancelled Encumbrances	650									
Unencumbered Cash, Ending	\$ 242,068	\$ 74,269								

Enterprise Fund

Sanitation Equipment Reserve Statement of Cash Receipts & Expenditures

For the Year Ended December 31, 2010

	2009 <u>Actual</u>	2010 <u>Actual</u>
Receipts		
Interest	\$ 3,309	\$ 853
Other financing sources:		
Operating transfer from sanitation fund	20,000	274,000
Total receipts	23,309	274,853
Expenditures Capital outlay	44,320	332,884
Total expenditures	44,320	332,884
Receipts Over (Under) Expenditures	(21,011)	(58,031)
Unencumbered Cash, Beginning	357,637	336,626
Prior Year Cancelled Encumbrances		
Unencumbered Cash, Ending	\$ 336,626	\$ 278,595

Enterprise Fund

Municipal Golf Course

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2010

			2010						
		2009					F	avorable	
		<u>Actual</u>		<u>Actual</u>		<u>Budget</u>	(Ur	nfavorable)	
Cash Receipts									
Licenses and permits									
Golf licenses	\$	96,825	\$	79,600	\$	101,500	\$	(21,900)	
Golf green fees		111,564		103,170		117,500		(14,330)	
Golf cart licenses and fees		26,080		23,410		25,000		(1,590)	
Golf cart storage and rental		70,106		58,917		72,682		(13,765)	
Other revenue:									
Interest		562		142		638		(496)	
Miscellaneous		6,437		440		-		440	
Other financing sources									
Transfer from general fund	_	45,000	_	45,000		45,000	_	<u>-</u>	
Total cash receipts	\$	356,574	\$	310,679	\$	362,320	\$	(51,641)	
Expenditures									
Personal services	\$	208,703	\$	213,163	\$	222,144	\$	8,981	
Contractual service		44,841		43,878		44,800		922	
Commodities		60,820		63,033		81,100		18,067	
Capital outlay		-		-		-		-	
Reimbursement to special liability Other financing uses:		5,825		5,825		5,825		-	
Operating transfers to capital improvements fund		30,000		10,000		12,000		2,000	
Contingency	_		_	<u>-</u>	_	2,401	_	2,401	
Total expenditures	\$	350,189	\$	335,899	\$	368,270	\$	32,371	
Receipts Over (Under) Expenditures	\$	6,385	\$	(25,220)	<u>\$</u>	(5,950)	<u>\$</u>	(19,270)	
Unencumbered Cash, Beginning		24,074		30,459					
Prior Year Cancelled Encumbrances			_						
Unencumbered Cash, Ending	<u>\$</u>	30,459	<u>\$</u>	5,239					

Statement 3

City of Wellington, Kansas

Enterprise Fund

Golf Course Capital Improvement Statement of Cash Receipts & Expenditures

For the Year Ended December 31, 2010

		2009 <u>Actual</u>		2010 <u>Actual</u>
Receipts				
Interest	\$	89	\$	55
Other financing sources:		• • • • • •		40.000
Operating transfer from golf course	_	30,000	_	10,000
Total revenue and other sources		30,089		10,055
Expenditures 11		20.005		
Capital outlay	_	30,995		
Total expenditures		30,995		
Receipts Over (Under) Expenditures		(906)		10,055
Unencumbered Cash, Beginning		12,223		11,317
Prior Year Cancelled Encumbrances				<u>-</u>
Unencumbered Cash, Ending	\$	11,317	\$	21,372

Enterprise Fund Municipal Airport

Statement of Cash Receipts & Expenditures - Actual

For the Year Ended December 31, 2010

		2010						
	2009			Favorable				
	<u>Actual</u>	<u>Actual</u>	Budget	(Unfavorable)				
Cash Receipts								
State Revenue:								
State grant	\$ -	\$ 2,250	\$ -	\$ 2,250				
Federal grant	1,900	67,905	-	67,905				
Airport revenue:								
Fuel income	86,349	175,791	90,000	85,791				
Hangar rent	36,700	36,235	34,826	1,409				
Land Leases	24,821	21,505	23,853	(2,348)				
Airport other income	23,167	19,347	15,838	3,509				
Other revenue:				-				
Interest	2,001	735	2,320	(1,585)				
Miscellaneous	453	1,869	500	1,369				
Operating transfer from general fund	50,000	35,000	35,000					
Total cash receipts	\$ 225,391	\$ 360,637	\$ 202,337	\$ 158,300				
Expenditures								
Fuel purchased for resale	\$ 79,182	\$ 159,919	\$ 70,500	\$ (89,419)				
Personal services	48,508	51,505	49,618	(1,887)				
Contractual service	19,206	27,622	23,452	(4,170)				
Commodities	7,211	8,347	8,900	553				
Capital outlay	28,919	67,661	-	(67,661)				
Contingencies	-	-	204,357	204,357				
Reimbursement to special liability fund	1,774	1,774	1,774	-				
Debt service:								
Principal payments	25,000	25,000	30,000	5,000				
Interest payments	23,280	23,693	22,305	(1,388)				
Total expenditures	\$ 233,080	\$ 365,521	\$ 410,906	\$ 45,385				
Receipts Over (Under) Expenditures	\$ (7,689)	\$ (4,884)	\$(208,569)	\$ 203,685				
Unencumbered Cash, Beginning	200,057	192,368						
Prior Year Cancelled Encumbrances								
Unencumbered Cash, Ending	\$ 192,368	<u>\$ 187,484</u>						

City of Wellington, Kansas Internal Service Fund Employee Benefit Contribution Statement of Cash Receipts & Expenditures - Actual and Budget For the Year Ended December 31, 2009

			2010		
G I D	2009 <u>Actual</u>	<u>Actual</u>	Budget		avorable favorable)
Cash Receipts Employer contributions	\$ 936,811	\$ 1 023 338	\$ 1,013,200	\$	10,138
Employee contributions Employee contributions	148,760	150,570	158,000		(7,430)
COBRA and component unit contributions	16,055	20,450	19,320		1,130
Reimbursements & refunds	-	_0, .00			-
Interest earnings	3,576	4,393	3,414		979
		A			
Total cash receipts	\$1,105,202	<u>\$ 1,198,751</u>	\$ 1,193,934	\$	4,817
Expenditures					
Health insurance claims paid	\$ 593,470	\$ 587,112	\$ 700,000	\$	112,888
Reinsurance policy premiums	338,477	325,865	402,000		76,135
Supplemental coverage policy premiums	90,466	92,524	93,945		1,421
Administration fees	21,175	20,080	28,000		7,920
HMO fees	-	-	-		_
Other	28,132	27,269	-		(27,269)
Reimbursement to general fund	-	-	-		-
Contingency			398,812		398,812
Total expenditures	\$1,071,720	\$ 1,052,850	\$ 1,622,757	\$	569,907
Receipts Over (Under) Expenditures	\$ 33,482	\$ 145,901	\$ (428,823	<u>\$</u>	574,724
Unencumbered Cash, Beginning	455,315	488,797			
Prior Year Cancelled Encumbrances					
Unencumbered Cash, Ending	\$ 488,797	\$ 634,698			

City of Wellington, Kansas Trust Funds

Statement of Cash Receipts & Expenditures

	Public Library <u>Trust</u>	Annie Hamiltor <u>Trust</u>	Mildred Share McLean <u>Trust</u>		Regional Park <u>Trust</u>	Municipal Auditorium Renovation	Recreation <u>Trust</u>	Municipal Golf Course <u>Trust</u>	Ambulanc Service <u>Trust</u>		Nichols Family <u>Trust</u>	Drug Tax Distb. <u>Trust</u>	Cemetery Beautifi- cation <u>Trust</u>	Cara Saunders Memorial <u>Trust</u>	Drug Awareness <u>Trust</u>	Housing Authority <u>Reserve</u>	Law Enforcement Trust	Employee Community Service
Receipts																		
Intergovernmental revenue Use of money and property:	\$ -	\$ -	- \$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	- \$ -	\$ -	\$ 29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1.325	6	34	50	354	1.486	98	25		2 5	6	23	23	2	29		18	
Farm rent	1,525	U	54	-	3,225	1,460	70	23		2 3	O	-	23	2	29	-	-	s -
Other revenue	_			-	5,877	-	35,257				327	43	475		7,653	_	1,000	φ -
Grants				_	3,677		33,237				321	43	4/3		7,055		11,309	_
Other financing sources:																	11,507	
Ç																		
Operating transfers in			·	·														
Total receipts	<u>\$ 1,325</u>	\$ 6	\$ 34	<u>\$ 50</u>	\$ 9,456	\$ 1,486	\$ 35,355	<u>\$ 25</u>	\$	2 \$ 5	\$ 333	<u>\$ 95</u>	<u>\$ 498</u>	<u>\$</u> 2	\$ 7,682	<u>\$</u>	\$ 12,327	<u>\$</u>
Expenditures																		
General government	S -	\$ -	· \$ -	\$ -	s -	s -	\$ -	s -	\$	- \$ -	\$ 383	\$ -	\$ 464	\$ -	s -	\$ -	s -	\$ -
Transportation	-			-	_	-	· .		•		-		-	· .		-	_	_
Public safety	_			_	_	_	_	_			_	1,674	_	_	9,285	_	13,960	_
Recreation and culture	3,834	-		-	31,716	1,547	1,684	1,504			_	, -	_	_	, -	_	, -	_
Capital outlay	_	-		-	_	_	· -	_			-	-	-	_	_	_	_	-
Other financing uses:																		
Operating transfer to other																		
funds																		
Total expenditures	\$ 3,834	s -	. \$ -	\$ -	\$ 31,716	\$ 1,547	\$ 1,684	\$ 1,504	\$	- \$ -	\$ 383	\$ 1,674	\$ 464	s -	\$ 9,285	\$ -	\$ 13,960	\$ -
Total experiences	• 5,05 .	Ψ	· •	. —	ψ 21,710	Ψ 1,5 17	Ψ 1,001	4 1,501	Ψ	<u> </u>		Ψ 1,071	<u>Ψ 101</u>	Ψ	<u>ψ </u>	Ψ	Ψ 12,700	Ψ
Receipts Over (Under) Expenditures	\$ (2,509)	\$ 6	\$ 34	\$ 50	\$ (22,260)	\$ (61)	\$ 33,671	\$ (1,479)	\$	2 \$ 5	\$ (50)	\$ (1,579)	\$ 34	\$ 2	\$ (1,603)	\$ -	\$ (1,633)	\$ -
Unencumbered Cash, Beginning	365,808	1,591	9,327	13,688	100,943	409,533	(8,051)	7,103	63	1,418	1,669	6,836	6,234	483	9,308	172,820	4,031	72
Prior Year Cancelled Encumbrances			<u> </u>				1,019			<u> </u>								
Unencumbered Cash, Ending	\$ 363,299	\$ 1,597	\$ 9,361	\$ 13,738	\$ 78,683	\$ 409,472	\$ 26,639	\$ 5,624	\$ 63	<u>\$ 1,423</u>	\$ 1,619	\$ 5,257	\$ 6,268	\$ 485	\$ 7,705	\$ 172,820	\$ 2,398	<u>\$ 72</u>

City of Wellington, Kansas Trust Funds

Statement of Cash Receipts & Expenditures

	Public Library <u>Trust</u>	Annie Hamilton <u>Trust</u>	Mildred Share McLean <u>Trust</u>	Mausoleum Maintenance	Regional Park <u>Trust</u>	Municipal Auditorium Renovation	Recreation <u>Trust</u>	Municipal Golf Course <u>Trust</u>	Ambulance Service <u>Trust</u>	Municipa Airport <u>Trust</u>		Drug Tax Distb. <u>Trust</u>	Cemetery Beautifi- cation <u>Trust</u>	Cara Saunders Memorial <u>Trust</u>	Drug Awareness <u>Trust</u>	Housing Authority <u>Reserve</u>	Law Enforcement <u>Trust</u>	Employee Community Service
Receipts																		
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	- \$	- \$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property: Interest	3,334	14	85	124	733	3,716	314	60		5 1:	3 19	73	57	4	101		10	_
Farm rent	3,334	14	-	124	3,095	5,710	514	-	,	, 1. -	. 19	-	-	-	101	-		s -
Other revenue	_	_	_	-	16,630	-	34,183	2,162		_	- 20	_	525	_	6,821	_	4,000	φ - -
Grants	_	_	_	_	-	_	- 1,100	_,		_		_	-	_	- 0,021	_	- 1,000	_
Other financing sources:																		
Operating transfers in	_	_	_	_	_	_	_	_		_	_	_	_	_	_	_	1,136	_
Operating transfers in																		
Total receipts	\$ 3,334	<u>\$ 14</u>	<u>\$ 85</u>	<u>\$ 124</u>	\$ 20,458	\$ 3,716	\$ 34,497	\$ 2,222	\$ 0	5 \$ 13	<u>s</u> <u>s</u> <u>39</u>	<u>\$ 73</u>	<u>\$ 582</u>	<u>\$</u> 4	\$ 6,922	<u>s -</u>	\$ 5,146	<u>\$</u> _
Expenditures																		
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	s -	\$	- \$	- \$ 518	\$ -	\$ 550	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	_	_	-	-	-	-	-	_				_	-	-	_	_	_	-
Public safety	-	-	-	-	-	-	-	-		-		1,505	-	-	9,322	_	1,128	-
Recreation and culture	1,178	-	-	-	3,357	-	62,280	1,523		-		-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-		-		-	-	-	-	-	-	-
Other financing uses:																		
Operating transfer to other																		
funds										-					1,136			
Total expenditures	\$ 1,178	<u>\$ -</u>	<u>\$ -</u>	\$ -	\$ 3,357	<u>\$</u>	\$ 62,280	\$ 1,523	\$	- \$	- \$ 518	\$ 1,505	\$ 550	\$ -	\$ 10,458	<u>s -</u>	\$ 1,128	<u>\$</u>
Receipts Over (Under) Expenditures	\$ 2,156	\$ 14	\$ 85	\$ 124	\$ 17,101	\$ 3,716	\$ (27,783)) \$ 699	\$ (5 \$ 1.	3 \$ (479)	\$ (1,432)	\$ 32	\$ 4	\$ (3,536)	- \$	\$ 4,018	\$ -
Unencumbered Cash, Beginning	363,652	1,577	9,242	13,564	83,842	405,817	19,732	6,404	624	1,40:	5 2,148	8,268	6,202	479	12,844	172,820	13	72
Prior Year Cancelled Encumbrances										<u> </u>								
Unencumbered Cash, Ending	<u>\$ 365,808</u>	\$ 1,591	\$ 9,327	\$ 13,688	\$ 100,943	<u>\$ 409,533</u>	\$ (8,051)	\$ 7,103	\$ 630	\$ 1,413	<u>\$ 1,669</u>	\$ 6,836	\$ 6,234	\$ 483	\$ 9,308	<u>\$ 172,820</u>	\$ 4,031	<u>\$ 72</u>

City of Wellington, Kansas Agency Funds

Summary of Cash Receipts and Cash Disbursements

	Č	inning Balance	Cash eceipts	Cash	nding Balance
<u>Funds</u>					
Claims Fund	\$	25,973	\$ 458,636	\$ 471,236	\$ 13,373

Notes to Financial Statements

December 31, 2010

1. Summary of Significant Accounting Policies

The City of Wellington, Kansas ("City") was incorporated in 1872. The City operates under a Council-Manager form of government and provides the following services: Public Safety-Police, Fire and Emergency Medical Services, Highways and Streets, Culture-Recreation, Public Improvements, Planning and Zoning, Utilities-Electric, Water, Sewer and Refuse, and General Administrative Service.

The City has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas.

A. Financial reporting entity

The financial reporting entity concept and criteria for determining that entity have been set forth in *Governmental Accounting Standards Board Statement 14* (GASB 14). GASB 14 states that the financial statements of the reporting entity should provide an overview of the entity based on financial accountability, yet allow users to distinguish between the statements of the primary government and its component units. The primary government is generally the focal point for users of the financial statements. A primary government is any state government or general purpose local government that meets all of the following criteria: (1) It has a separately elected governing body, (2) It is legally separate and (3) it is fiscally independent of other state and local governments. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable.

The City, as the primary government, has determined what organizations meet the criteria of GASB 14 as its component units. It has not included any of those component units in these financial statements, except for the Public Building Commission, which as a blended component unit is reported as a fund of the City. The Public Building Commission has issued revenue bonds which were used to fund improvements for Sumner Regional Medical Center. The bonds are being retired as rent is paid to the City by SRMC. The capital project and debt service funds of the Public Building Commission have been blended into the financial statements of the City.

The component units of the City, which qualify to be included in the financial reporting entity discretely, are as follows:

The Wellington Public Library Board, defined as a separate legal entity by applicable state statutes, provides public library facilities to the citizens of Wellington and the surrounding area. As provided by state statutes, resources required for the financing of the library are provided by a tax levy, included on the City's budget, and the City may also appropriate other monies as are necessary to the Library. The Library also receives other financing sources independent of the City. The Library is a governmental type component unit, which reports its activities on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. In addition, the Library does not maintain records of its general fixed assets or general long-term debt account groups. Financial statements of this component unit can be found at Appendix A of this comprehensive financial report.

The Sumner Regional Medical Center of the City of Wellington is a separate legal entity, which until June 1994 was governed by a separately elected board and since that time, by a board appointed by the City Council. It provides primary hospital care for citizens of Wellington and the surrounding area. Since it is unable to levy its own taxes or issue its own bonded debt, it is considered to be fiscally dependent upon the City according to GASB 14. Financial statements of this component unit can be found at Appendix B of this financial report.

Notes to Financial Statements

December 31, 2010

1. Summary of Significant Accounting Policies (continued)

The Wellington Public Housing Authority, a separate legal entity, provides federally subsidized public housing to the citizens of Wellington and surrounding area. Its members are appointed by the City and any bonded debt must be issued through the City, making it fiscally dependent upon the City according to GASB 14. However, the Board is totally financially self-sufficient and receives no funds from the City. The Public Housing Authority prepares its financial statements in a form prescribed by the Department of Health and Urban Development (HUD), which is a comprehensive basis of accounting that differs from generally accepted accounting principles. Financial statements of this component unit may be obtained directly from the office of the Public Housing Authority in Wellington, Kansas.

B. Fund accounting

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the City for the year of 2010:

Governmental Funds

<u>General fund</u>--the general operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

<u>Special Revenue Fund</u>—to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted, by law or administrative action, to expenditures for specified purposes.

<u>Debt Service Funds</u>--to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and the financing of special assessments which are the general obligations of the City.

<u>Capital Project Funds</u>--to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by enterprise funds.

Proprietary Funds

Enterprise Funds--to account for operations that (a) are financed and operated in a manner similar to private business enterprises--where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

1. Summary of Significant Accounting Policies (continued)

Notes to Financial Statements

December 31, 2010

B. Fund accounting (continued)

<u>Internal Service Funds</u>—to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

<u>Fiduciary Funds</u>—to account for assets held by the City in a trustee capacity or as an agent for others. These include expendable trust funds, nonexpendable trust funds and agency funds. Nonexpendable and expendable trust funds are accounted for in the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

Departure from Accounting Principles Generally Accepted in the United States

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accepted accounting principles generally accepted in the United States, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported may not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements, but are included in these notes. Infrastructure assets such as streets and bridges are not presented. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not integrated into the financial statements, but are presented in these notes.

The City has approved a resolution that is in compliance with KSA 75-1120a(c) waiving the requirement for application of generally accepted accounting principles and allowing it to use the statutory basis of accounting.

The City also issues separate financial statements for its Electric, Waterworks and Sewage Fund prepared in conformity with accounting principles generally accepted in the United States of America. A copy of these financial statements may be obtained by contacting the City Clerk.

Notes to Financial Statements

December 31, 2010

1. Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- 1. Preparation of the budget for the succeeding calendar year on or before August 1st.
- 2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
- 3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- 4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for 2010.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds, the legal level of budgetary control. In addition, expenditures for line items within a budget may be legally exceeded without approval of the governing body.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitments, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the budget has been adjusted when necessary to show compliance with the budget law.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds: Permanent Cemetery Endowment, Special Liability Expense, Equipment Reserve, Fire Insurance Proceeds, Emergency Shelter Grant, Wellington Airport FAA Grant, FEMA Grant Fund, Hazmat Response, Fire Prevention and Education and SCCDAT Grant Fund. Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

City of Wellington, Kansas **Notes to Financial Statements**

December 31, 2010

1. Summary of Significant Accounting Policies (continued)

E. Post-Employment Health Care Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured before the month of actual coverage. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the City under this program. For eligible retirees, healthcare benefits are extended until the retiree becomes eligible for Medicare or is eligible to be covered by a plan through another employer. The monthly premium contribution for a retiree participating in the City's health insurance plan is the amount as the total cost of the benefits as if the retiree was still a City employee. Dependents of retirees are eligible for coverage to the same extent as for current employees, as defined in the City's current group health care benefit plan. The spouse of a retiree who has died or reached Medicare eligibility may retain coverage under the City program until the spouse of the retiree reaches Medicare eligibility, remarries, or becomes eligible for coverage through another employer, but must contribute the entire premium amount. The liability and expense for this benefit has not been actuarially computed as required by GASB 45, and have not been included in these financial statements. Expenditures are reported on a pay-as-you-go basis. Benefits paid during 2010 and 2009 totaled \$64,702 and \$50,368 with nine eligible employees receiving benefits at the end of 2010 and seven at the end of 2009.

F. Temporary notes

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding may be retired from the proceeds of the sale of new temporary notes and general obligation bonds, receipt of federal funds, or from any other source.

G. Compensated absences

The City's policies regarding vacations permit employees to carryover a maximum of five days of prior year's vacation plus the total of their current year's vacation which is credited as of the last payroll period of the year. Upon termination or resignation from service with the City, employees are entitled to payment for all accrued vacation earned prior to termination or resignation. All regular employees accumulate sick leave at the rate of 4 hours per each 80 work period. This sick leave accumulates first in a short-term sick leave account, up to a maximum of 64 hours, then into a long-term sick leave account. There is no maximum number of reserve sick leave days that may accumulate. Employees have the option of receiving one half of the balance of their short-term sick leave account in cash with their last paycheck of the year. Upon termination of employment for medical reasons, retirement, or death, an employee or the employee's beneficiary receives payment at their regular hourly rate of pay for the balance in the short and long-term sick leave accounts, up to a maximum of 104 hours.

Notes to Financial Statements

December 31, 2010

1. Summary of Significant Accounting Policies (continued)

H. Property taxes

In accordance with governing State statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities with the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year.

Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Federal and State grant aid and unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

I. Property, plant and equipment

The City does not present capital fixed assets, such as land, building and equipment in these financial statements; however, it does maintain accounting records for such assets. Accounting records for public domain ("infrastructure") general fixed assets including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, which are immovable and of value only to the City have not been maintained. No depreciation has been provided on any capital assets, except for those relating to the Electric, Waterworks and Sewage Utility which are presented in the Utility's separately issued financial statements.

J. Interfund Charges

The City General Fund is used to account for various administrative functions, which are partially allocated to other funds. Utility billing and collection, financial and management services are paid through the General Fund and billed to the utility funds. These charges totaled \$868,849 and \$860,802 in 2010 and 2009, respectively.

Other charges for health care benefits are charged to appropriate funds by the Internal Service Fund each month as the benefits are purchased.

Insurance costs are paid from the Special Liability Expense Fund and reimbursed by other funds.

K. Special Assessments Receivable

Improvements to roads, sidewalks, and sewer systems are paid for in part by the landowners being benefited. They have the option to pay their share in full, before the improvement is financed by the City through issuance of general obligation bonds, or they are assessed the amount to be paid in annual installments over a period of 15 or 20 years, generally the life of the bond obligation. The City certifies to the County the amount to be levied against the landowner each year. The county collects and periodically remits the assessments to the City. The amount received is recorded in the bond and interest fund.

2. Cash Deposits and Investments

Cash on Deposit

Notes to Financial Statements

December 31, 2010

State law requires the City to deposit its funds in banks that have a branch in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository and provide an acceptable rate of return. The City maintains a cash and investment pool that is available for use by all funds with banks within Sumner County. Each fund type's portion of this pool is displayed on Statement 1 as "Ending Cash Balance" under each fund's caption. The City has also purchased longer term U.S. Treasury securities exclusively for the Electric, Waterworks and Sewage Utility System Fund that are not a part of the general City investment pool. These longer term securities are also included in the "Ending Cash Balance" column of Statement 1.

Under Kansas law and the City's revenue bond agreements, the City is required to collateralize all bank deposits with securities pledged by the financial institution. These securities are held by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka under a joint safekeeping agreement between the City, the financial institution and the trustee. The City's deposits are categorized to give an indication of the level of risk assumed by the City at December 31, 2010. The categories are described as follows:

Category 1--Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2--Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3--Uncollateralized.

During 2010 securities were pledged by local banks in the City's name with third party trust departments with which the City had custodial agreements, as required by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Therefore, the City's security interest in the collateral was perfected and those deposits have been classified as Category 1. Deposits, categorized by level of risk, are:

Pooled cash, Category 1 \$7,938,788

Total cash on deposit, primary government \$7,938,788

Investments

Under the City's investment policy, which conforms to state law and bond agreements, the City is allowed to invest in (1) certificates of deposit issued by a financial institution domiciled within the City's jurisdiction and insured by the Federal Deposit Insurance Corporation or secured by U.S. government or Kansas state and local government securities; (2) Obligations of the United States or its agencies and instrumentalities; (3) repurchase agreements with Kansas financial institutions; (4) its own temporary notes; (5) the State of Kansas Municipal Investment Pool; and (6) in the case of bond proceeds or funds held pursuant to the retirement of bonds, in certain other investments, including investments in shares or units of a money market fund or trust the portfolio of which is comprised entirely of U.S. government or agency securities. All investments must be insured, registered, or held by the city or its agent in the city's name. The City's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes uninsureds and unregistered investments for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer. Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the municipality. The City uses the amortized cost method for book value of long term securities purchased with a premium or discount. Fair value of long term investments is based on quoted market prices.

Notes to Financial Statements

December 31, 2010

2. Cash Deposits and Investments (continued)

Investments (continued)

As of December 31, 2010, the City owned the following securities which are classified as held-to-maturity. The United States Treasury securities are held by its agent, Edward Jones and are insured by the Securities Investor Protection Corporation for the first \$500,000 with additional coverage for the net equity of the account provided by Edward Jones through a commercial insurer, Underwriters at Lloyd's. The US Treasury Money Fund of America is registered to the City of Wellington. These investments are reported at amortized cost.

Security Description	Risk Category 1 2 3									Carrying Amount		Fair <u>Value</u>	ecognized Iding Gain
U.S. Treasury Notes U.S. Treasury Money	\$	6,757,913	\$	_	-	\$	_	-	\$	6,757,913	\$	7,643,840	\$ 885,927
Fund of America		1			_					1		1	
	\$	6,757,914	\$		_	\$		_	\$	6,757,914	\$	7,643,841	\$ 885,927
Securities Maturing:	0-5 6-10	years) years							\$	5,161,707 1,596,206	\$	5,652,300 1,991,540	\$ 490,593 395,334
		15 years 20 years								- -	_	- -	- -
									\$	6,757,913	\$	7,643,840	\$ 885,927

The City also participated in the State of Kansas Municipal Investment Pool. At December 31, 2010 the carrying amount of this investment was \$5,890,248 which all was invested in the Overnight pool. 100% of the assets of the Pool are invested with the State of Kansas Pooled Money Investment Portfolio, which is used by the State of Kansas for its own funds, with the Pool owning no individual securities of its own. Because of this arrangement, it is anticipated that there will be no difference between book value of the investment and fair value. The Pool does not enter into derivative financial instruments.

3. Risk Management (Self-Insurance Fund)

In March 1993, the City began a self-insurance medical program by establishing the Employee Benefit Contribution Fund. This plan provides employee health benefits up to a \$5,000,000 in a lifetime maximum. The City purchases commercial insurance for claims in excess of coverage provided by the Fund. Settled claims did not exceed the commercial coverage in the previous three years, but claims of \$111,477, \$64,063 and \$387,096 were paid by the stop-loss policy in 2010, 2009 and 2008.

All funds of the City participate in the program and make payments to the Employee Benefit Contribution Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. That reserve was \$474,523 at December 31, 2010 and is included in unencumbered cash of the Employee Benefit Contribution Fund. The claims liability of \$86,693 reported in the Fund at December 31, 2010, is based on the requirement of GASB Statement Number 10, which states that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the liability can be reasonably estimated. The liability at December 31, 2010 has been estimated using paid claims data from January 2011 through May 2011. The City currently does not discount its claims liability.

Notes to Financial Statements

December 31, 2010

3. Risk Management (Self-Insurance Fund) (continued)

		<u>2010</u>		<u>2009</u>
Unpaid claims and claim adjustment expense at beginning of year	\$	25,828	\$	55,028
Incurred claims and claim adjustment expenses: Provisions for insured events of the current year Increase in provision for insured events of prior years	\$	675,247	\$	587,502
Total incurred claims and claim adjustment expenses	\$	67 5,247	\$	587,502
Payments:				
Claims and claim adjustment expenses attributable to insured events of the current year Claims and claim adjustment expenses attributable to insured	\$	587,351	\$	561,674
events of the prior years	_	27,031	_	55,028
Total payments	\$	61 4,382	\$	616,702
Total unpaid claims and claim adjustment expense at end of year	\$	86,693	\$	25,828

The City maintains commercial insurance coverage for other physical damage and liability risks.

4. Defined benefit pension plan

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing multiple-employer defined benefit pension plans provided by K.S.A. 74-4901, *et seq.* KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (400 SW 8th Avenue, Suite 200: Topeka, KS 66603-3925) or by calling 1-800-228-0366.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute for 2010 was 7.14%. The KP&F uniform participating employer rate established for fiscal years beginning in 2010 is 12.86%. The City contributions to KPERS and KP&F for the year ending December 31, 2010 were \$530,784, equal to the statutory required contributions for the year.

Notes to Financial Statements

December 31, 2010

5. Changes in fixed assets

A summary of changes in general fixed assets follows and a schedule of fixed assets in service at December 31, 2010 follows:

ف	Balance 12/31/2009	Prior year <u>Adjustment</u>	<u>Additions</u>		<u>Deletions</u>	Balance 12/31/2010	
\$	19,147,674	\$ 410,678	\$ 2,480,686	\$	(124,198)	\$ 21,914,840	
			Buildings			8,183,340	
			Equipment Improvements			3,418,776 2,459,099	
			Infrastructure	•			
			Land			273,570	
			Office equipme	nt		310,337	
			Vehicles			1,987,758	
						21,912,840	

A summary of proprietary fund type property, plant, and equipment at December 31, 2010 follows:

Land	\$ 3,207,298
Buildings	22,704,705
Improvements	10,094,248
Infrastructure	23,527,815
Equipment	16,027,443
Office equipment	21,552
Vehicles	941,782
Construction in progress	
Total	\$ 76,524,843
Less accumulated depreciation	(31,822,854)
Net property, plant and equipment	\$ 44,701,989

Notes to Financial Statements

December 31, 2010

6. Long-term debt

Changes in long-term liabilities for the City for the year ended December 31, 2010 were as follows:

	Interest <u>Rate</u>	Date of <u>Issue</u>	Amount of Issue	Final <u>Maturity</u>	Beginn <u>of ye</u>	_	Additi ons	Retired/ <u>Refunded</u>	Net <u>Change</u>	End of <u>Year</u>	I	Interest Paid
General Obligation Bonds												
Airport & Street Improvements	2.2-4.9%	06/01/2002	1,200,000	10/01/2022	82	25,000	-	65,000	-	760,000		37,085
GO Refunding	3.0-4.15%	10/01/2004	4,155,000	10/01/2020	3,64	15,000	-	300,000	-	3,345,000		133,669
GO Street Improvements	3.4-5.0%	07/15/2008	1,440,000	10/01/2023	1,36	55,000	-	90,000	-	1,275,000		56,460
GO Street Improvements	3.0-4.15%	08/15/2009	860,000	10/01/2024	86	50,000		35,000		825,000		32,330
Total general obligation	n bonds		\$ 7,655,000		\$ 6,69	5,000	\$ -	\$ 490,000	\$ -	\$ 6,205,000	\$	259,544
Revenue Bonds												
Electric, W & S Revenue Bonds	4.375-5.25%	04/01/2002	5,615,000	11/01/2027	10	000,00	_			100,000		4,375
Electric, W & S, refunding	2 - 3.5%	08/15/2002	7,710,000	11/01/2010		5,000	-	1,115,000	-	,		39,025
Electric, W & S, refunding	3.4 - 4.2%	08/15/2005	5,160,000	05/01/2023		50,000	_	-,,	-	5,160,000		203,937
Electric, W & S, refunding	4.0 - 4.5%	03/15/2006	5,950,000	11/01/2027	5,95	0,000	-	-	-	5,950,000		254,976
Electric, W & S, refunding	2.71%	04/01/2008	2,300,000	05/01/2012	1,74	15,000	-	565,000	-	1,180,000		39,678
Total revenue bonds-ut	tility		26,735,000		14.07	70,000	-	1,680,000		12,390,000		541,991
Public Building Commission	3.3-3.65%	12/15/2007	985,000	12/01/2017	,	0,000	-	90,000	-	730,000		29,012
Public Building Commision	1.0 - 4.0%	03/01/2010	1,175,000	03/01/2025			1,175,000	· -		1,175,000		16,643
Total revenue bonds			\$ 28,895,000		\$ 14,89	0,000	\$ 1,175,000	\$ 1,770,000	\$ -	\$ 14,295,000	\$	587,646
Other Debt												
Kansas Water Pollution Control												
Revolving Loan	2.84%	06/12/2009	\$ 13,800,000	03/01/2030	\$ 5,11	5,980	\$ 8,032,716	<u>-</u>	<u> </u>	\$ 13,148,696	\$	187,052
Capital Leases												
Fire Truck	6.15%	09/27/2000	345,000	01/01/2016	\$ 17	6,026	\$ -	\$ 28,005	\$ -	\$ 148,021	\$	7,744
Fire Truck	4.55%	06/30/2006	244,464	06/30/2015		2,545	-	22,683		129,862		6,939
Ambulance	4.27%	02/15/2007	81,990	02/15/2010		2,422	-	2,422	-			. 8
Caterpillar Wheel Loader	4.25%	08/06/2008	115,816	08/06/2014	10	5,802	-	10,440	-	95,362		4,497
Total capital leases			\$ 787,270		\$ 53	5,480	\$ -	\$ 63,550	\$ -	\$ 373,245	\$	19,188
m. In 11 101 711.1												
Total Bonded and Other Indebtedne	SS				\$ 27,23	86,460	\$ 9,207,716	\$ 2,323,550	3 -	\$ 34,021,941	\$ 1	,053,430
Compensated Absences												
Accrued vacation benefits												
and sick leave reserve	N/A	N/A	N/A	N/A	\$ 63	80,185	<u>-</u>	<u>-</u>	\$ (47,478)	\$ 582,707	\$	
Total					\$ 24,62	24,684	\$ 9,207,716	\$ 2,323,550	\$ (47,478)	\$ 34,604,648	<u>\$ 1</u>	,053,430

Notes to Financial Statements

December 31, 2010

6. Long-term debt (continued)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	2011	2012	2013	2014		2015	2016-2020	2021-2025	2026-2030	2031-2036	T	`o tal
Principal General Obligation bond \$ Revenue bonds	490,000 795,000	\$ 505,000 940,000	\$ 505,000 575,000	\$ 530,000 720,000	\$	545,000 740,000	\$ 2,900,000 3,765,000	\$ 730,000 4,940,000	\$ - 1,820,000	\$ - -		,205,000 ,295,000
Kans as Water Pollution Control Revolving Lo: Temporary notes	520,923	535,823	5 5 1,148	566,912		583,126	3,175,555	3,656,417	3,558,792	-	13	3,148,696
Capital leases	61,665	64,415	67,286	119,258		60,621	-	<u> </u>	-			373,245
Total Principal	1,867,588	2,045,238	1,698,434	1,936,170	1	1,928,747	9,840,555	9,326,417	5,378,792	<u>-</u>	3	4,021,941
<u>Interest</u>												
General Obligation bond	237,606	2 19,12 3	201,270	184,152		165,490	506,658	66,838	-	-		1,581,137
Revenue bonds	545,605	526,491	499,806	477,689		451,757	1,826,471	1,002,983	121,970	-	5	,452,772
Kansas Water Pollution												
ControlRevolving Lo:	388,248	373,348	358,023	342,259		326,044	1,370,299	889,437	335,760	-	4	1,383,418
Tempo rary no tes	-	-	-	-		-	-	-	-	-		-
Capital leas es	15,893	13,144	10,272	7,272		2,057	<u>-</u>	<u> </u>	<u>-</u>	<u> </u>		48,638
Total Interest	1,187,352	1,132,106	1,069,371	1,011,372		945,348	3,703,428	1,959,258	457,730		11_	<u>1,465,965</u>
Total Principal & Interes \$	3,054,940	\$ 3,177,344	\$ 2,767,805	\$ 2,947,542	\$ 2	,874,095	\$ 13,543,983	\$ 11,285,675	\$ 5,836,522	<u>\$</u>	\$ 45	,487,906

Compliance with Finance-Related Contractual Provisions

Electric, Waterworks and Sewage Utility System revenue bonds constitute special obligations of the City and are solely secured by a first lien on the net revenues of the utility system. The bonds are also insured by AMBAC Indemnity Corporation, the issuer of the municipal bond insurance policies.

The revenue bonds are collateralized by the net revenue of the electric, waterworks, and sewage utility system and the reserve accounts established by the bond agreements. The revenue bond ordinance provides that the revenue of the system is to be used first to pay operating and maintenance expenses of the system, second to establish and maintain various debt service and reserve accounts and third, to establish and maintain a surplus account. The surplus account and any remaining funds may be used for any lawful purpose of the City. The ordinances require maintaining or increasing the bond reserve accounts to equal the maximum annual future debt service requirement of the revenue bonds outstanding. The City is required to maintain rates and charges to produce net revenues equal to 125% of the year's debt service requirements. For 2010 the revenue bond coverage ratio was 1.93 and in 2009 it was 1.89, which met this requirement.

Other miscellaneous provisions include: Maintaining proper books and records, annual audit and rate adjustment within 60 days of audit if necessary, reasonable and customary risk insurance, annual budget, annual report on system condition and recommendations by system employee or consulting engineer, quarterly reports to determine compliance with rate covenant and rate adjustment within 60 days if necessary. The applicable provisions were complied with during 2010 and 2009.

Notes to Financial Statements

December 31, 2010

Capital leases

The city has capital leases outstanding on two fire trucks, an ambulance and a rubber tire loader. The lease payments are recognized in the departmental expenditure accounts when payments are made. The assets are reflected in Footnote 5 and the lease amounts are included in this note. The assets have been recorded at the present value of the future minimum lease payments at the date of inception of the lease. The gross amount of assets shown at Footnote 5 under these capital leases was \$787,270 at December 31, 2010.

Advance Refunding of Revenue Bonds and General Obligation bonds

Through advanced refundings, \$5,515,000 of utility revenue bonds are considered defeased as of December 31, 2010 which is from the 2002A issue refunded in 2006.

7. Related Party Transactions

There are no significant related party transactions.

8. Bond & Other Reserves, Enterprise Funds

The bond and other reserves of the Enterprise Funds as of December 31, 2010 were comprised of the following:

	Restric	xted Cash	ı & Inv	<i>r</i> estments	
	December 31,				
	<u>201</u>	<u>2009</u>			
Equipment reserve and reserve for improvements	\$ 68	33,347	\$	916,227	
Bond reserve accounts:					
Principal and interest accounts	59	94,213		840,325	
Emergency and depreciation account	40	00,000		400,000	
Bond reserve account	1,50	1,005		1,501,005	
Surplus	7,94	15,838		9,178,229	
Total	\$ 11,12	24,403	<u>\$1</u> 2	2,835,786	

Notes to Financial Statements

December 31, 2010

9. Capital project funds

The Special Improvements Fund is used to account for small project costs not directly attributable to another fund. Major capital projects are accounted for within their own fund. Since these funds are not required to be budgeted, expenditures are limited on a project-by-project basis to an amount authorized by resolution. During 2010, the following projects were completed or underway:

<u>Project</u> <u>Authorization</u> <u>Expenditures</u> <u>Statu</u>	<u>s</u>
Crestview Heights Addition-Phase II \$ 310,000 \$ - Pendir	ıg
Highway 160 Corridor-Hotel Sewer 170,000 - Pendir	ng
H Street, Beaver Creek Sewer &	
Wastewater Treatment Plant 19,050,000 15,253,001 In Constru	uction
Main Trafficway Improvement 220,000 - Pendir	ıg

10. Operating and residual equity transfers and other interfund activity

<u>Cash Transfers</u> The following is a schedule of interfund operating transfers made in 2010:

From	<u>To</u>	<u>Amount</u>
Permanent Cemetery Endowment	General	318
Electric, Water & Sewer Utility	General	1,705,533
Sanitation	General	88,035
General	Bond & Interest	13,375
Ambulance & Firefighting Eq	Bond & Interest	10,000
General	Equipment Reserve	119,000
Electric, Water & Sewer Utility	Equipment Reserve	83,810
General	Capital Improvement	365,729
General	Golf Course	45,000
Golf Course	Golf Course Cap Improvement Reserve	10,000
Electric, Water & Sewer Utility	EW&S Capital Improve & Eq Reser	550,000
Sanitation	Sanitation Equipment Reserve	274,000
General	Municipal Airport	35,000
		3,299,800

Notes to Financial Statements

December 31, 2010

<u>Utility Services Provided Free of Charge</u> Prior to 2006, all utility services consumed by the City were metered and charged at an interdepartmental rate that approximated the cost of the services. These charges were recognized as revenue by the providing utility fund and as an expenditure by the consuming fund. Beginning in 2006, the City continued metering the usage but stopped transferring cash for these utility services as revenue and expenditures and provided the services free of charge to all its own departments. Under the City's basis of accounting, these free services are not recorded in Statements 1, 2 or 3.

	<u>2010 Utili</u>	2010 Utility Services Provided					
Fund & Department Receiving Service	Electric	<u>Water</u>	<u>Total</u>	<u>Total</u>			
Interfund Services Provided:							
To General Fund	\$207,007	\$ 20,000	\$227,007	\$222,361			
To Golf Course & Airport Funds	17,902	99	18,001	18,260			
To Component Unit-SRMC	171,808	<u>13,227</u>	<u>185,035</u>	0-			
	\$224,909	\$ 20,099	\$245,008	\$240,621			

11. Contingencies

Grant Program Involvement In the normal course of operations, the City participates in various federal, state or corporate grant programs from year to year. The programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

<u>Litigation</u> The City is a party to various legal proceedings that normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. While the outcome of these proceedings cannot be predicted, the City feels that any settlement or judgement not covered by insurance would not have a material adverse effect on the financial condition of the City.

12. Compliance With Kansas Statutes

<u>Performance Bond Requirement</u> K.S.A. 60-1111 requires municipalities to obtain performance bonds on any contract for public improvements or construction or repairs to a public building if such contract exceeds \$100,000. There was a contract to install new equipment at SRMC in 2010 in excess of \$100,000 where no performance bond was obtained; however, the contractor did provide one after the fact.

13. Economic Dependency

The Utility relies upon purchasing a major portion of its electrical power at wholesale rates for resale to its customers since it is less expensive than producing its own power. As noted above, all purchased electrical power is contracted through the Kansas Power Pool (KPP). Because of this concentration of electricity providers, the Utility may be economically dependent upon this vendor for purchased electrical power; however, operationally the City does have the capability of supplying all its own electrical generating capacity.

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA <u>Number</u>	Pass-Through Entity Identifying <u>Number</u>	Federal <u>Expenditures</u>
Department of Homeland Security Direct Programs: Assistance to Firefighters Grant EMW-2009 FO-06118 Subtotal Department of Homeland Security Direct Programs	97.044		\$ 46,550 \$ 46,550
Department of Health and Human Services Pass-Through Program From: Kansas Department of Social and Rehabilitation Services: Substance Abuse and Mental Health Services Projects of Regional and National Significance Total Department of Health and Human Services	93.243	SPF09-01-12	\$ 189,012 \$ 189,012
Department of Housing and Urban Development Pass-Through Program From: Kansas Department of Social and Rehabilitation Services: Emergency Shelter Grants Program	14.231	S-08-CD-20-0001 2008-27	
Total Department of Housing and Urban Development	14.231	S-06-CD-20-0001 2006-27	\$ 8,616 \$ 8,616
Department of Transportation Direct Program Airport Improvement Program Project #3-20-0087-07 Project #3-20-0087-11 Sub-total Department of Transportation Direct Programs Department of Transportation Pass-Through Program From:	20.106 20.106		\$ 3,563 64,278 \$ 67,841
Kansas Department of Transportation: ARRA-Highway Planning and Construction (RECOVERY ACT) Total Department of Transportation	20.205	U-2252-01	\$ 17,063 \$ 84,904
Department of Justice Direct Program ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program (RECOVERY ACT) Project #2009-SB-B9-3239 Total Department of Justice	16.804		\$ 11,309 \$ 11,309
Environmental Protection Agency Pass-through Program From: Kansas Department of Health and Environment: Capitalization Grants For Clean Water State Revolving Funds (Outstanding loan at 12/31/10 of \$13,148,696) Total Environmental Protection Agency	66.458	KWPCRF C20 1722 01	\$ 7,110,758 \$ 7,110,758
Total Expenditures of Federal Awards			\$ 7,451,149

Notes to the Schedule of Expenditures of Federal Awards

December 31, 2010

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the City of Wellington, Kansas under programs of the federal government for the year ended December 31, 2010. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the operations of the City of Wellington, Kansas, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Wellington, Kansas.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2010

ALL FEDERAL PROGRAMS

<u>Finding 2009-1 Identification of Federal Awards and Related Compliance Requirements</u>

Condition:

This finding was a material weakness stating that the City did not have an effective system to accurately identify all federal funds received and their related compliance and financial reporting requirements.

Current Status:

This finding was fully corrected in 2010.

DEPARTMENT OF TRANSPORTATION

Finding 2009-3 Airport Pavement Maintenance Inspections

Condition:

This finding was a significant deficiency in internal controls and a compliance finding. Internal controls were inadequate to ensure compliance with or maintain required records documenting compliance with this compliance requirement.

Current Status:

This finding was fully corrected in 2010.

Finding 2009-4 Policy For Use of Airport Revenues

Condition:

This finding was a significant deficiency in internal control. The City did not have a policy for the use of airport revenues.

Current Status:

This finding was fully corrected in 2010.

These were the prior year findings relative to federal awards. Current status of other prior year findings have not been presented.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2010

Section I—Summary of Auditor's Results

Financial Statements

- Type of auditor's report issued: Unqualified opinion on the 2010 prescribed basis financial statements of the City of Wellington, Kansas.
- Internal control over financial reporting:
 - Two significant deficiencies relating to financial reporting were disclosed by the audit of the financial statements. These were findings 2010-1 and 2010-2.
 - One of those significant deficiencies, 2010-1, was identified as a material weakness
- Noncompliance material to financial statements noted: None disclosed by the audit

Federal Awards

- Internal controls over major programs:
 - One significant deficiency relating to internal controls over major programs was disclosed by the audit. This was finding 2010-1.
 - Finding 2010-1 was identified as a material weakness
- Type of auditor's report issued on compliance for major programs: Unqualified opinion
- Any audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133: None disclosed by the audit.
- Identification of major programs: The following was tested as a major program:
 - Environmental Protection Agency, pass-through grant from Kansas Department of Health and Environment, Capitalization Grants for Clean Water State Revolving Funds, Federal CFDA Number 66.458
- The dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- The City of Wellington did not qualify as a low-risk auditee

Section II—Financial Statement Findings

Finding 2010-1: Recognition of Expenditure and Liability in the Proper Accounting Period

Criteria:

Expenditures should be recognized under generally accepted accounting principles when performance occurs and the entity incurs a liability for goods or services received. OMB Circular A-133 §_.205 states that, "The determination of when an award is expended should be based on when the activity related to the award occurs."

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2010

<u>Finding 2010-1: Recognition of Expenditure and Liability in the Proper Accounting Period</u> (continued)

Condition:

A payment on a construction contract related to a federal program was paid in January, 2011 and recorded as a 2011 expenditure. Although the billing date used by the contractor was in January, 2011, the payment was for contract retainage and a change order billing adjustment. All contract performance and activity under the contract had been completed in 2010. Under the criteria above, this expenditure should have been recognized in 2010 as an expenditure and a liability at 12/31/10.

Context:

The City's system for identifying and classifying expenditures in the proper year has generally been effective, but failed with respect to a single, material expenditure in 2010. Although there were a small number of invoices improperly recognized as 2010 expenditures instead of 2011 (\$26,141), the misclassified invoice for the construction contract was of a material amount (\$228,445). Contributing to the misclassification was the contractor's invoice date in January, 2011.

Effect:

Due to the material amount of the improperly recognized payment, expenditures for the financial statements of the city and the schedule of expenditures of federal awards would have been materially misstated. The recognition of a material expenditure of a federal award in the proper period could affect whether the City would be required to have a Single Audit in a particular year, since Single Audits are not generally required of the City every year. Since the City agreed to correct their financial statements and schedule of expenditures of federal awards for 2010, there has been no material misstatement of the 2010 financial statements.

Cause:

The final billing under the construction contract was made and dated in January, 2010, approximately two months after the project was completed, and was not clear as to when the work had been performed. Although the City Engineer was aware of when the activity occurred, the accounting personnel responsible for classifying expenditures in the proper year was not.

Recommendation:

Additional review and other procedures should be performed by the accounting department to determine the proper expenditure period with respect to large construction contract or other material or unusual payments made shortly after year end.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2010

<u>Finding 2010-1: Recognition of Expenditure and Liability in the Proper Accounting Period</u> (continued)

Views of Responsible Officials and Planned Corrective Action:

Management concurs with this finding. Accounting personnel will scrutinize large and unusual expenditures made after year end and perform additional procedures as necessary to determine the proper accounting period for expenditure recognition.

Finding 2010-2 Approval of Adjustments to Utility Accounts Receivable

Criteria:

Good internal controls over utility accounts receivable include a supervisory review of adjustments made to accounts to ensure their validity and accuracy. Procedures should also determine that all adjustments to accounts receivable have been authorized and approved.

Condition and Context:

The City's procedure for reviewing adjustments to the utility accounts receivable involves a review by the City Clerk of handwritten and other adjustments to the utility billing system. The audit disclosed that the reports being reviewed did not include all adjustments to utility accounts receivable. The City has an effective procedure for reviewing and approving billings and collections to utility accounts receivable but does not prepare an overall reconciliation of utility accounts receivable balances.

Effect:

Since there is currently no procedure to determine if all adjustments to utility accounts receivable have been authorized and approved, erroneous or fraudulent entries could be made to the utility accounts receivable and not be detected. Utility accounts receivable and related utility revenue could be misstated.

Cause:

The current approval report of adjustments to utility accounts receivable does not include certain types of adjustments and there is no overall reconciliation of utility accounts receivable that would detect unauthorized adjustments.

Recommendation:

The adjustment review and approval procedure should be performed in such a way as to ensure the completeness of the entries being reviewed. Another recommended approach would be to reconcile the monthly utility accounts receivable balances by recomputing the expected general ledger balance using approved transaction totals from the subsidiary utility billing system.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2010

Views of Responsible Officials and Planned Corrective Action:

Management concurs in part with this finding. Management believes that further review and reconciliation activity would not be cost beneficial and that the current procedures reduces risk to an acceptable level. However, management will continue to review its current procedures and consider performing more effective procedures if they are of greater cost benefit.

Section III—Federal Award Findings and Questioned Costs

ALL FEDERAL PROGRAMS:

Finding 2010-1: Recognition of Expenditure and Liability in the Proper Accounting Period

See Section II for a detailed explanation of this finding of a material weakness in internal control over reporting of expenditures in the financial statements and the schedule of expenditures of federal awards.

General Fund

Detailed Revenue and Expenditures - Statutory

Years Ended December 31, 2010 and 2009

	2010								
<u>REVENUE</u>				Variance-					
	2009			Favorable					
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)					
<u>Taxes</u>									
Ad valorem property tax	\$1,295,699	\$1,370,305	\$1,304,578	\$ 65,727					
Delinquent tax	44,882	55,962	25,000	30,962					
Sales tax	1,166,512	1,116,649	1,135,000	(18,351)					
Special assessments	2,993	3,984	2,600	1,384					
Total taxes	\$2,510,086	\$2,546,900	\$2,467,178	\$ 79,722					
Intergovernmental Revenue									
Federal grants & FEMA	\$ -	\$ -	\$ -	\$ -					
State grants & other revenue	18,231	18,231	17,700	531					
Alcoholic liquor fund	12,541	12,279	14,620	(2,341)					
State highway connection links	50,791	50,826	46,362	4,464					
Recreational vehicle tax	3,582	1,993	2,924	(931)					
Motor vehicle tax	264,334	170,240	229,096	(58,856)					
Total intergovernmental revenue	\$ 349,479	\$ 253,569	\$ 310,702	\$ (57,133)					
Licenses and Fees									
Franchise taxes	\$ 332,665	\$ 296,478	\$ 353,000	\$ (56,522)					
Occupation licenses and amusement	20,230	20,635	13,545	7,090					
Electric licenses	2,525	2,705	2,600	105					
Plumbing licenses	2,005	1,230	2,000	(770)					
Mammalian pet licenses	3,016	3,223	3,000	223					
Cereal malt beverage, liquor, club licenses	3,600	4,250	3,300	950					
Building permits	14,287	14,743	11,000	3,743					
Burial permits	13,380	8,710	15,000	(6,290)					
Plumbing permits	3,305	2,722	2,500	222					
Electric permits	2,219	2,524	2,200	324					
Lake recreation permits	92,944	90,494	66,000	24,494					
Other permits	2,069	2,342	2,050	292					
Administrative & other fees	48,078	47,158	41,025	6,133					
Total license and permits	\$ 540,323	\$ 497,214	\$ 517,220	\$ (20,006)					

City of Wellington, Kansas General Fund

Detailed Revenue and Expenditures - Statutory

Years Ended December 31, 2010 and 2009

			2010	
				Variance-
	2009			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
Other Revenue				
Ambulance service	\$ 295,35		\$ 300,000	\$ (24,686)
Ambulance subsidy - County	295,22		269,499	-
Lake subsidy - County	15,00		15,000	(2.266)
Sale of cemetery lots	4,26		6,000	(2,266)
Other sales and rentals	27,71		18,304	2,074
Police court fines	75,28		85,000	(12,632)
Rural fire contracts	42,55		42,000	3,256
Miscellaneous	18,43		8,305	19,833
Interest earnings	30,75		35,809	(22,247)
Cancelled encumbrances	1,80		1.504	17,870
Insurance claims received	10,19		1,504	34,293
Reimbursed expenses	57,26	2 64,239	38,345	25,894
Restitution Reimbursements from other funds	1.072.21		1.076.010	_
	1,072,31		1,076,010	e 41 290
Total other revenue	\$ 1,946,16	0 \$ 1,937,165	\$ 1,895,776	\$ 41,389
Total revenue	\$ 5,346,04	8 \$ 5,234,848	\$ 5,190,876	\$ 43,972
Other financing sources				
Operating & residual equity transfers:				
Water & sewage	170,60	0 730,480	195,480	535,000
Electric utility	978,40	4 975,053	975,053	_
Sanitation utility	93,52	8 88,035	88,035	_
Multi year capital improvement fund	200,00	0 -	-	_
Other funds	1,03	6318	3,500	(3,182)
Total other financing sources	\$ 1,443,56	<u>\$ 1,793,886</u>	\$ 1,262,068	\$ 531,818
Total revenue and other sources	\$ 6,789,61	<u>\$ 7,028,734</u>	\$ 6,452,944	\$ 575,790
EXPENDITURES				
Mayor and City Council				
Personal services	\$ 11,65	3 \$ 12,519	\$ 12,939	\$ 420
Commodities	68		820	642
Contractual services	2,98		5,140	2
Total mayor and city council	\$ 15,32		\$ 18,899	\$ 1,064
City Manager's Office				
Personal services	\$ 190,20	1 \$ 196,657	\$ 200,109	\$ 3,452
Commodities	1,86	•	1,050	(1,620)
Contractual services	12,26		12,350	4,417
Capital outlay	ĺ		-	-
Total city manager's office	\$ 204,33	7 \$ 207,260	\$ 213,509	\$ 6,249
, 5				

City of Wellington, Kansas General Fund

Detailed Revenue and Expenditures - Statutory

Years Ended December 31, 2010 and 2009

						2010			
							Variance-		
		2009				Favorable			
City Clark's Office		<u>Actual</u>		<u>Actual</u>		<u>Budget</u>	<u>(Un</u>	favorable)	
City Clerk's Office Personal services	\$	293,768	\$	297,414	\$	294,781	\$	(2,633)	
Commodities	Ψ	5,591	Ψ	5,974	Ψ	7,350	Ψ	1,376	
Contractual services		25,975		25,190		25,225		35	
Capital outlay		23,273		23,170		-		-	
Total city clerk's office	\$	325,334	\$	328,578	\$	327,356	\$	(1,222)	
Total City Clerk's Office	Φ	323,334	Φ	320,376	Φ_	321,330	Φ	(1,222)	
Utility Collections									
Personal services	\$	211,228	\$	216,343	\$	239,843	\$	23,500	
Commodities		5,898		6,311		8,500		2,189	
Contractual services		41,416		43,512		45,415		1,903	
Capital outlay		_		2,070		_		(2,070)	
Total utility collections	\$	258,542	\$	268,236	\$	293,758	\$	25,522	
Director of Public Works & Recreation									
Personal services	\$	83,617	\$	87,906	\$	86,189	\$	(1,717)	
Commodities		1,256		881		940		59	
Contractual services		605		549		2,020		1,471	
Capital outlay	_		_		_				
Total director of public works & recreation	\$	85,478	\$	89,336	\$	89,149	\$	(187)	
General Services									
Personal services	\$	_	\$	_	\$	_	\$	_	
Commodities		18,948		19,648		16,900		(2,748)	
Contractual services		57,680		60,555		65,024		4,469	
Capital outlay		-		_		_		-	
Total general services	\$	76,628	\$	80,203	\$	81,924	\$	1,721	
Contributions									
Appropriation to Chamber of Commerce	\$	-	\$	-	\$	-	\$	-	
Appropriation to Chisholm Trail Museum		8,500		7,000		7,000		-	
Appropriation to Senior Citizens Center		4,000		4,000		4,000		-	
Miscellaneous appropriation		5,000		5,200		5,000		(200)	
Appropriation to Futures Unlimited		10,000	_	5,000	_	5,000			
Total contributions	\$	27,500	\$	21,200	\$	21,000	\$	(200)	

General Fund

Detailed Revenue and Expenditures - Statutory *Years Ended December 31, 2010 and 2009*

			2010	
				Variance-
	2009		- ·	Favorable
T 20 1 1	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
Janitorial Demonstrates	¢ 24.040	g 25.904	Ф 26.254	¢ 460
Personal services Commodities	\$ 34,049 2,982	\$ 35,894 3,975	\$ 36,354 5,570	\$ 460 1,595
Contractual services	2,962 524		2,225	(355)
Capital outlay	J27 -	2,300	2,225	(333)
Total janitorial	\$ 37,555	\$ 42,449	\$ 44,149	\$ 1,700
Total James La	Ψ 57,555	Ψ 12,115	Ψ 11,112	Ψ 1,700
Police Department				
Personal services	\$1,113,939	\$1,147,182	\$1,179,561	\$ 32,379
Commodities	53,115	70,231	71,510	1,279
Contractual services	64,070	72,791	84,344	11,553
Capital outlay	-	1,750	8,000	6,250
Total police department	\$1,231,124	\$1,291,954	\$1,343,415	\$ 51,461
• •				
Fire Department				
Personal services	\$1,457,855			\$ 47,263
Commodities	73,011	77,663	82,749	5,086
Contractual services	92,553	77,288	85,940	8,652
Capital outlay	<u> </u>	1,750	2,500	750
Total fire department	\$1,623,419	\$1,590,890	<u>\$1,652,641</u>	\$ 61,751
Maniainal Auditanian				
Municipal Auditorium Personal services	\$ -	\$ -	\$ -	\$ -
Commodities	3,603	1,401	200	(1,201)
Contractual services	31,213	33,323	33,310	(1,201) (13)
Capital outlay	51,215	-	-	(13)
Total park department	\$ 34,816	\$ 34,724		\$ (1,214)
Total park department	\$ 34,816	<u>3 34,724</u>	\$ 33,510	\$ (1,214)
Dark Danartmant				
Park Department Personal services	\$ 181,328	\$ 199,976	\$ 212,773	\$ 12,797
Commodities	35,474	40,319	36,450	(3,869)
Contractual services	13,542	12,025	11,770	(255)
Capital outlay	15,5 12	12,025	-	(233)
Total park department	\$ 230,344	\$ 252,320	\$ 260,993	\$ 8,673
Total park department	Ψ 250,544	ψ 232,320	Ψ 200,225	ψ 0,075
Swimming Pool				
Personal services	\$ 479	\$ -	\$ 1,152	\$ 1,152
Commodities	2,271	6,260	6,000	(260)
Contractual services	38,960	•	38,700	17,762
Capital outlay	86		_	· -
Total swimming pool	\$ 41,796	\$ 27,198	\$ 45,852	\$ 18,654
U 1				
Street Department				
Personal services	\$ 549,333	\$ 578,724	\$ 572,918	\$ (5,806)
Commodities	327,206		373,150	60,895
Contractual services	27,369		27,400	273
Capital outlay	6,019	2,327		(2,327)
Total street department	\$ 909,927	\$ 920,433	\$ 973,468	\$ 53,035

City of Wellington, Kansas General Fund

Detailed Revenue and Expenditures - Statutory

Years Ended December 31, 2010 and 2009

						2010		
		2009						ariance- avorable
		Actual		Actual Budget		(Unfavorable)		
Cemetery						_		
Personal services	\$	92,644	\$	77,749	\$	92,044	\$	14,295
Commodities		25,184		19,509		25,700		6,191
Contractual services		5,580		3,579		5,430		1,851
Capital outlay	_	7,217	_	2,749	_	3,000	_	251
Total cemetery	\$	130,625	\$	103,586	\$	126,174	\$	22,588
Engineering, Planning and Inspection								
Personal services	\$	321,915	\$	333,393	\$	329,725	\$	(3,668)
Commodities		5,183		5,055		7,195		2,140
Contractual services		10,362		7,168		13,580		6,412
Capital outlay				6,568				(6,568)
Total engineering, planning & inspection	\$	337,460	\$	352,184	\$	350,500	\$	(1,684)
Legal and Police Court								
Personal services	\$	67,711	\$	68,008	\$	68,820	\$	812
Commodities		995		1,563		1,660		97
Contractual services		60,940		59,666		61,724		2,058
Capital outlay Total legal and police court	\$	129,646	\$	129,237	\$	132,204	\$	- 2,967
Total legal and police court	Ψ	125,040	Ψ	127,251	Ψ	152,204	Ψ	2,701
Lake Recreation								
Personal services	\$	125,411	\$	125,727	\$	125,426	\$	(301)
Commodities		21,171		20,801		24,550		3,749
Contractual services		13,185		7,685		8,250		565
Capital outlay		150 767	_	750	_	150.006	_	(750)
Total lake recreation	\$_	159,767	\$	154,963	\$_	158,226	\$	3,263
Non-Departmental								
Reimbursed expenses & other	\$	94,909	\$	94,643	\$	91,941	\$	(2,702)
Contractual services		6,997		4,623		2,600		(2,023)
Capital outlay		-		419,271		-		(419,271)
Contingencies						1,162,500		1,162,500
Total reimbursed expenses & other	\$	101,906	\$	518,537	\$	1,257,041	\$	738,504
Operating Transfers								
Transfer to Equipment Reserve	\$	109,700	\$	89,000	\$	89,000	\$	-
Transfer to Golf Fund		45,000		45,000		45,000		-
Transfer to Airport		50,000		35,000		35,000		-
Transfer to Capital Improvement		542,000		395,729		100,000		(295,729)
Transfer to other funds		15,300		13,375		13,375		_
Total operating transfers	\$	762,000	\$	578,104	\$	282,375	\$	(295,729)
Total expenditures and operating transfers	\$	6,723,525	\$	7,009,227	\$	7,706,143	\$_	696,916

City of Wellington, Kansas Proprietary Fund Water and Sewage Utility

Detailed Revenue and Expenditures - Statutory Years Ended December 31, 2010 and 2009

			2010	
				Variance-
	2009			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
REVENUE				
Water Sales and Sewer Service Charges	0.1.000.016		** ** ** ** ** ** ** **	# (2 51 0.64)
Sale of water to customers	\$1,228,216	\$ 1,179,711	\$1,451,575	\$ (271,864)
Sewer Service charges	1,239,683	1,618,221	1,677,368	(59,147)
Interdepartmental water sales	10,126	9,907	12,650	(2,743)
Penalties	44,527	54,694	50,000	4,694
New water services	16,325	13,282	16,700	(3,418)
Cash basis conversion	(36,263)	(28,455)		(28,455)
Total water sales and sewer service charges	\$2,502,614	\$ 2,847,360	\$3,208,293	\$ (360,933)
Od P				
Other Revenue	\$ -	e.	\$ -	e.
Interest earnings Miscellaneous		\$ - 23,837	\$ - 4,666	\$ - 19,171
Sale of revenue bonds	22,458	23,637	4,000	19,171
Total other revenue	\$ 22,458	\$ 23,837	\$ 4,666	\$ 19,171
Total revenue	\$2,525,072	\$ 2,871,197	\$3,212,959	\$ (341,762)
EXPENDITURES				
Production				
Personal services	\$ 185,532	\$ 199,836	\$ 203,829	\$ 3,993
Commodities	146,737	142,857	158,275	15,418
Contractual services	23,133	18,815	44,650	25,835
Capital outlay	8,613	28,382	16,900	(11,482)
Total production	\$ 364,015	\$ 389,890	\$ 423,654	\$ 33,764
Total production	Ψ 301,013	\$\tau\tau\tau\tau\tau\tau\tau\tau\tau\tau	• 123,031	ψ 33,701
Distribution				
Personal services	\$ 267,370	\$ 270,281	\$ 272,231	\$ 1,950
Commodities	73,666	97,511	107,064	9,553
Contractual services	13,334	20,157	28,378	8,221
Capital outlay	4,769	2,835	5,000	2,165
Total distribution	\$ 359,139	\$ 390,784	\$ 412,673	\$ 21,889

City of Wellington, Kansas Proprietary Fund Water and Sewage Utility

Detailed Revenue and Expenditures - Statutory Years Ended December 31, 2010 and 2009

			2010	
				Variance-
	2009			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
Sewage Treatment	0.016.405	0.004.006		
Personal services	\$ 216,485	\$ 224,206	\$ 227,352	\$ 3,146
Commodities	48,697	58,230	64,140	5,910
Contractual services	29,799	53,685	38,185	(15,500)
Capital outlay				
Total sewage treatment	\$ 294,981	\$ 336,121	\$ 329,677	\$ (6,444)
Debt Retirement				
Principal retired	\$ 578,924	\$ 589,930	\$ 589,930	\$ -
Interest	472,613	451,875	451,875	-
Principal defeased	<u>-</u> _		<u>-</u> _	<u> </u>
Total debt retirement	\$1,051,537	\$1,041,805	\$1,041,805	<u>\$</u>
Non-Departmental				
Commodities	\$ (1,751)	\$ -	\$ -	\$ -
Contractual services	27,231	32,074	31,790	(284)
Administrative reimbursements to general funds	163,552	165,081	165,081	-
Capital outlay	-	-	-	-
Cost of issuance				
Total non-departmental	\$ 189,032	\$ 197,155	\$ 196,871	\$ (284)
Total expenditures	\$2,258,704	\$2,355,755	\$2,404,680	\$ 48,925
Operating Transfers				
Operating transfer to general	\$ 170,600	\$ 730,480	\$ 195,320	\$ (535,160)
Operating transfer to utility capital improvement	300,000	300,000	300,000	-
Operating transfer to H Street sewer fund	300,000	-	-	_
r 5	-	_	_	_
Total transfers	\$ 770,600	\$1,030,480	\$ 495,320	\$ (535,160)
Total expenditures and other uses	\$3,029,304	\$3,386,235	\$ 2,900,000	\$ (486,235)
Total experiences and outer uses	Ψ 5,027,504	Ψ 5,500,233	\$ 2,700,000	ψ (100,233)

City of Wellington, Kansas Proprietary Fund

Electric Utility System Fund

Detailed Revenue and Expenditures - Statutory Years Ended December 31, 2010 and 2009

						2010		
							7	/ariance-
		2009					F	'avorable
		Actual		<u>Actual</u>		<u>Budget</u>	<u>(U</u> 1	nfavorable)
REVENUE								
Electricity Sales and Fees								
Residential service	\$	2,209,502	\$	2,367,839	\$	2,245,557	\$	122,282
Commercial and industrial service		2,276,702		2,372,835		2,556,083		(183,248)
Interdepartmental		89,307		77,972		92,892		(14,920)
Wholesale revenue		814,267		555,823		-		555,823
Fuel adjustments		6,958,471		6,415,204		7,211,627		(796,423)
Electric penalties		68,559		71,025		82,000		(10,975)
Other fees		36,914		45,570		35,400		10,170
Cash basis conversion		49,130		(131,842)		-		(131,842)
Total sales and fees	\$	12,502,852	\$	11,774,426	\$	12,223,559	\$	(449,133)
	<u>-</u>							
Other Revenue								
Interest earnings	\$	568,474	\$	453,671	\$	448,355	\$	5,316
Miscellaneous	_	44,916	_	45,874	•	9,334	-	36,540
Reimb from other fund				25,000		- ,		25,000
Transfer from other fund		_				_		
Sale of revenue bonds		-		=		=		_
Kansas Power Pool refund		277,076		196,510		_		196,510
FEMA funds		,		,		_		,
Total other revenue	\$	890,466	\$	721,055	\$	457,689	\$	263,366
Total offici levelide	Ψ	0,00,100	Ψ_	721,033	Ψ	157,005	Ψ	203,500
Total revenue	\$	13,393,318	\$	12,495,481	\$	12,681,248	\$	(185,767)
EMPENDITI DEG								
EXPENDITURES								
Production	•	600 60 2	Φ.	607.460	Φ.	600 110	Φ.	071
Personal services	\$	689,603	\$	697,469	\$	698,440	\$	971
Commodities		127,279		100,434		117,058		16,624
Contractual services		6,916,548		7,025,710		7,038,500		12,790
Reimbursement of OMPA mandated power		-		-		-		-
Capital outlay		<u>-</u>	_	7,199	_	17,500		10,301
Total production	\$	7,733,430	<u>\$</u>	7,830,812	<u>\$</u>	7,871,498	<u>\$</u>	40,686
<u>Distribution</u>								
Personal services	\$	719,666	\$	740,359	\$	854,264	\$	113,905
Commodities		315,940		360,678		358,000		(2,678)
Contractual services		135,500		149,346		174,470		25,124
Capital outlay		4,197	_		_	2,500	_	2,500
Total distribution	\$	1,175,303	\$	1,250,383	\$	1,389,234	\$	138,851

City of Wellington, Kansas Proprietary Fund Electric Utility System Fund

Detailed Revenue and Expenditures - Statutory

Years Ended December 31, 2010 and 2009

			2010	
	2009 <u>Actual</u>	<u>Actual</u>	Budget	Variance- Favorable (Unfavorable)
Capital Improvement	<u>\$</u> _	\$ -	\$ -	\$ -
Debt Retirement				
Principal retired	\$ 1,046,076	\$ 1,090,070	\$ 1,090,070	\$ -
Interest	125,159	90,116	90,116	
Total other expenditures	\$ 1,171,235	\$ 1,180,186	\$ 1,180,186	\$ -
Non-Departmental				
Commodities	\$ 15,920	\$ 7,629	\$ 2,500	\$ (5,129)
Other contractual	71,391	51,793	50,130	(1,663)
Administrative reimbursements to:				
General fund	697,250	703,768	703,768	-
Special liability fund	177,668	177,668	177,668	-
Capital outlay				
Total non-departmental	\$ 962,229	\$ 940,858	\$ 934,066	\$ (6,792)
Contingency	\$	\$ -	\$ 1,775,375	\$ 1,775,375
Total expenditures	\$ 11,042,197	\$11,202,239	\$ 13,150,359	\$ 1,948,120
Operating Transfers				
Operating transfer to general	\$ 978,404	\$ 975,053	\$ 975,053	\$ -
Operating transfer to equipment reserve	72,222	83,810	-	(83,810)
Operating transfer to utility capital improvement	250,000	250,000	250,000	
Total transfers	\$ 1,300,626	\$ 1,308,863	\$ 1,225,053	\$ (83,810)
Total expenditures and other uses	<u>\$ 12,342,823</u>	<u>\$12,511,102</u>	<u>\$ 14,375,412</u>	\$ 1,864,310

Wellington Public Library Wellington, Kansas Annual Financial Report

December 31, 2010

Kim Wiens Librarian

Kenneth L Cooper Jr CPA, Chtd.

Certified Public Accountant
Wellington, Kansas

Wellington Public Library Annual Financial Report

Year Ended December 31, 2010

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KENNETH L COOPER JR CPA, CHTD

Certified Public Accountant

Appendix A Page 1

Independent Auditor's Opinion

Board of Directors Wellington Public Library Wellington, Kansas 67152

I have audited the accompanying financial statements of the Wellington Public Library, a component unit of the City of Wellington, Kansas, as of and for the year ended December 31, 2010, and the individual fund statements for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Library's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described more fully in Note 1, the Wellington Public Library prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, because of the effects of the matter discussed in the preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Wellington Public Library as of December 31, 2010, the changes in its financial position, or where applicable, its cash flows for the years then ended.

In my opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of the Wellington Public Library, Wellington, Kansas, as of December 31, 2010, and the revenues received and expenditures paid for the years ended December 31, 2010 and 2009 (individual funds only) on the basis of accounting described in Note 1.

Certified Public Accountant

July 26, 2011

Wellington Public Library Wellington, Kansas

Summary of Cash Receipts, Disbursements and Cash Balances

For the Year Ended December 31, 2010

Funds	Beginning Cash Balance		I	Cash Receipts		Cash Disbursements		Ending n Balance
General Gifts and Memorials AAUW Endowment Building	\$	6,799 31,096 15,716 1,079	\$	224,241 1,511 269 1	\$	219,956 11,460 269	\$	11,084 21,147 15,716 1,080
Total	\$	54,690	<u>\$</u>	226,022	\$	231,685	\$	49,027
Composition of Cash Balance:								
Cash on hand-desk balance							\$	27
First National Bank of Wellingto	n, chec	cking accou	ınts					
Operating account					\$	10,749		
Revolving account						58		10,807
Bank of Commerce								
Youth Volunteer account								232
Interest earning accounts First National Bank CD								716
Bank of Commerce CD								15,000
Bank of Commerce money ma	ırket ad	ccounts						1,080
Bank of Commerce savings ac								18
First National Bank-Memorial	[21,147
Total cash, December 31, 2010							\$	49,027

Wellington Public Library Wellington, Kansas

General Fund

Statement of Cash Receipts, Disbursements, Changes in Cash Balances

For the Years Ended December 31, 2010 and 2009

Receipts State Aid	\$	2010 4,344	\$	2009 4,832
Appropriations from City of Wellington		188,742		184,743
Grants from SCKLS		13,629		11,454
Front desk		648		554
Donations		3,000		_
Royalty income		7,620		5,408
Interest		171		7 99
Miscellaneous		95		2,138
Transfer from Gift & Memorial Fund				2,136
Hansiei Holli Gilt & Memoriai Fund		5,992	_	
Total receipts	\$	224,241	\$	209,928
Disbursements				
Salaries	\$	138,977	\$	131,046
Payroll tax		10,446		12,574
KPERS-retirement		7,834		5,125
Accounting		100		90
Ad valorem tax on oil interest		463		622
Advertising/Public relations		303		515
Books, periodicals & audio-visual materials		24,418		23,705
Children's programs		3,044		5,095
Dues and memberships		135		255
		924		
Equipment rental				1,071
Equipment repairs & maintenance		1,830		8,823
Building & grounds repairs & maintenance		2,147		4,355
Fees		-		36
Insurance		288		238
Internet access		618		613
Janitor supplies		655		522
Library and office supplies		6,004		4,243
Postage		2,905		1,890
Printing and publicity		-		128
Miscellaneous & Special Projects		622		2,467
Telephone		4,815		3,853
Travel and workshops		811		1,535
Utilities	_	12,617	_	12,712
Total disbursements	\$	219,956	\$	221,513
Excess of receipts over (under) disbursements	\$	4,285	\$	(11,585)
Cash balance, beginning of year		6,799	_	18,384
Cash balance, end of year	\$	11,084	\$	6,799

Wellington Public Library Wellington, Kansas

Gifts & Memorials Fund

Statement of Cash Receipts, Disbursements, Changes in Cash Balances

For the Years Ended December 31, 2010 and 2009

Receipts Donations	\$	$\frac{2010}{1,386}$	\$	2009 14,957
Memorials		-		-
Interest	_	125	_	227
Total receipts	\$	1,511	\$	15,184
Disbursements				
Books, periodicals & audiovisual materials	\$	4,763	\$	4,521
Equipment repair and grounds maintenance		705		418
Equipment purchases		-		1,478
Transfer to general fund		5,992		
Total disbursements	<u>\$</u>	11,460	\$	6,417
Excess of receipts over (under) disbursements	\$	(9,949)	\$	8,767
Cash balance, beginning of year	_	31,096	_	22,329
Cash balance, end of year	\$	21,147	\$	31,096

Wellington Public Library Wellington, Kansas AAUW Endowment

Statement of Cash Receipts, Disbursements, Changes in Cash Balances

For the Years Ended December 31, 2009 and 2008

	<u>2010</u>		<u>2009</u>
Receipts			
Donations	\$ -	\$	-
Interest	 269		
	269		-
<u>Disbursements</u>			
Books, periodicals & audio-visual materials	 269		
Excess of receipts over (under) disbursements	_		_
Cash balance, beginning of year	 15,716	_	15,716
Cash balance, end of year	\$ 15,716	\$	15,716

Wellington Public Library Wellington, Kansas Building Fund

Statement of Cash Receipts, Disbursements, Changes in Cash Balances

For the Years Ended December 31, 2010 and 2009

Receipts	<u>2010</u>		<u>2009</u>
Donations	\$ -	\$	-
Interest	1		1
Transfers	 		-
Total receipts	\$ 1	\$	1
<u>Disbursements</u>			
Miscellaneous and special projects	\$ 	\$	<u>-</u>
Excess of receipts over (under) disbursements	\$ 1	\$	1
Cash balance, beginning of year	 1,079		1,078
Cash balance, end of year	\$ 1,080	\$_	1,079

Wellington Public Library Wellington, Kansas Notes to Financial Statements

December 31, 2010

1. Summary of Significant Accounting Policies

Basis of Accounting

The cash basis of accounting is followed by this component unit of the City of Wellington, Kansas. Revenues are recognized when cash is received and expenditures are recorded when cash is paid. Generally accepted accounting principles require reporting on the modified accrual basis of accounting. Under the modified accrual method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Expenditures are recorded when the related liability is incurred. The Library uses the regulatory reporting model prescribed by the State of Kansas to show compliance with the cash basis law.

Fund accounting

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the Public Library for the year of 2010:

Governmental Funds

<u>General fund</u>--the general operating fund of the Public Library. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

<u>Special Revenue Fund</u>—to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted, by law or administrative action, to expenditures for specified purposes.

<u>Fiduciary Funds</u>--to account for assets held by the Public Library in a trustee capacity or as an agent for others. These include expendable trust funds, nonexpendable trust funds and agency funds.

Departure from Accounting Principles Generally Accepted in the United States

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and cash balances. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

Wellington Public Library Wellington, Kansas Notes to Financial Statements

December 31, 2010

2. Reporting Entity

The Wellington Public Library Board, defined as a separate legal entity by applicable state statutes, provides public library facilities to the citizens of Wellington and the surrounding area. As provided by state statutes, resources provided for the financing of the library are provided by a tax levy and appropriations from the City of Wellington and grant money from various state agencies. The Library is a component unit of the City of Wellington for reporting purposes.

3. Retirement Plans

The Library participates in the Kansas Public Employee's Retirement System which is a defined contribution plan covering substantially all employees. The Library's portion of the costs which are funded as accrued were \$8,372 in 2010 and \$6,298 in 2009. These amounts represent the annual accrual basis cost and differ from the amount actually remitted during the calendar year.

4. Endowment Funds

From time to time, the Library receives endowments from donors, which allow the interest on the funds to be used, but the principle is to remain intact. These funds are accounted for in a separate fund.

5. Other Resources

In 2004, the City of Wellington received a bequest from the estates of Frank and Frances Horton in the amount of \$400,000. This bequest was placed into the Public Library Trust of the City of Wellington and can be used for the "repairs, maintenance, improvement and additions to the Wellington Public Library". As of December 31, 2010, \$365,808 of these funds were still available.

Accountants' Report and Financial Statements

December 31, 2010 and 2009



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Independent Accountants' Report

Board of Directors Healthcare Authority of the City of Wellington, Kansas Governing Body for St. Luke's Hospital d/b/a Sumner Regional Medical Center Wellington, Kansas

We have audited the accompanying balance sheets of St. Luke's Hospital d/b/a Sumner Regional Medical Center, a component unit of the City of Wellington, Kansas, as of December 31, 2010 and 2009, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Luke's Hospital d/b/a Sumner Regional Medical Center as of December 31, 2010 and 2009, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Hospital has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

May 31, 2011

BKDLLP



Balance Sheets

December 31, 2010 and 2009

	2010	2009
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,073,202	\$ 1,530,467
Short-term certificates of deposit	1,045,388	1,027,700
Restricted cash - current	60,381	7,500
Patient accounts receivable, net of allowance;	0.150.100	2.020.047
2010 - \$1,271,000, 2009 - \$1,570,000	2,158,188	2,820,047
Sales tax receivable	22,000	48,130
Estimated amounts due from third-party payers	31,000	120,000
Supplies	269,879	280,075
Prepaid expenses and other	207,540	159,557
Total current assets	4,867,578	5,993,476
Noncurrent Cash and Cash Equivalents		
Held under bond indenture for debt service - held by City	14,221	_
Restricted by donors for capital acquisitions	66,422	40,986
Total noncurrent cash and cash equivalents	80,643	40,986
Capital Assets, Net	4,110,422	3,001,298
Total assets	\$ 9,058,643	\$ 9,035,760
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 260,600	\$ 90,000
Accounts payable	534,490	589,146
Accrued expenses	616,814	487,992
Deferred revenue	86,462	79,962
Total current liabilities	1,498,366	1,247,100
Long-term Debt	2,102,000	730,000
Total liabilities	3,600,366	1,977,100
Net Assets		
Invested in capital assets, net of related debt	1,747,822	2,181,298
Restricted - expendable for capital acquisitions	66,421	40,986
Restricted - expendable for debt service	74,602	7,500
Unrestricted	3,569,432	4,828,876
Total net assets	5,458,277	7,058,660
Total liabilities and net assets	\$ 9,058,643	\$ 9,035,760

St. Luke's Hospital d/b/a Sumner Regional Medical Center A Component Unit of the City of Wellington, Kansas Statements of Revenues, Expenses and Changes in Net Assets Years Ended December 31, 2010 and 2009

	2010	2009		
Operating Revenues				
Net patient service revenue, net of provisions for uncollectible accounts; 2010 - \$1,333,000, 2009 - \$2,101,000 Other	\$ 11,557,293 248,259	\$ 13,606,626 302,062		
Total operating revenues	11,805,552	13,908,688		
Operating Expenses				
Salaries and wages	5,650,562	6,060,298		
Employee benefits	1,753,754	1,647,633		
Purchased services and professional fees	2,419,897	2,830,823		
Supplies and other	3,433,941	3,516,456		
Depreciation	617,794	490,603		
Total operating expenses	13,875,948	14,545,813		
Operating Loss	(2,070,396)	(637,125)		
Nonoperating Revenues (Expenses)				
Intergovernmental revenue - utilities abatement	194,538	-		
Intergovernmental revenue - sales tax	279,159	291,631		
Interest income	24,594	44,032		
Interest expense	(62,176)	(36,089)		
Noncapital grants and gifts	24,536	4,694		
Total nonoperating revenues	460,651	304,268		
Deficiency of Revenues Over Expenses Before Capital Grants and Gifts	(1,609,745)	(332,857)		
Capital Grants and Gifts	9,362	7,237		
Decrease in Net Assets	(1,600,383)	(325,620)		
Net Assets, Beginning of Year	7,058,660	7,384,280		
Net Assets, End of Year	\$ 5,458,277	\$ 7,058,660		

Statements of Cash Flows

Years Ended December 31, 2010 and 2009

	2010	2009
Operating Activities		
Receipts from and on behalf of patients	\$ 12,314,652	\$ 13,380,147
Payments to suppliers	(5,694,259)	(6,396,270)
Payments to and on behalf of employees	(7,275,494)	(7,894,597)
Other receipts, net	248,259	302,062
Net cash used in operating activities	(406,842)	(608,658)
Noncapital Financing Activities		
Sales taxes supporting operations	305,289	288,681
Noncapital grants and gifts	24,536	4,694
Net cash provided by noncapital financing activities	329,825	293,375
Capital and Related Financing Activities		
Capital grants and gifts	9,362	7,237
Proceeds from issuance of bonds payable	1,175,000	-
Payment of bond issuance costs	(57,484)	-
Principal paid on long-term debt	(160,400)	(85,000)
Interest paid on long-term debt	(62,176)	(36,089)
Purchase of capital assets	(1,198,918)	(495,157)
Net cash used in capital and related		
financing activities	(294,616)	(609,009)
Investing Activities		
Interest income	24,594	44,032
Purchase of certificates of deposit	(17,688)	(27,094)
Proceeds from maturities of certificates of deposit	-	113,087
Net change in construction escrow and debt-related accounts	(14,221)	
Net cash provided by (used in) investing activities	(7,315)	130,025
Decrease in Cash and Cash Equivalents	(378,948)	(794,267)
Cash and Cash Equivalents, Beginning of Year	1,578,953	2,373,220
Cash and Cash Equivalents, End of Year	\$ 1,200,005	\$ 1,578,953
Reconciliation of Cash and Cash Equivalents to the Balance Sheets	<u> </u>	
Cash and cash equivalents in current assets	\$ 1,133,583	\$ 1,537,967
Cash and cash equivalents in concurrent cash	66,422	40,986
Total cash	\$ 1,200,005	\$ 1,578,953

St. Luke's Hospital d/b/a Sumner Regional Medical Center

A Component Unit of the City of Wellington, Kansas

Statements of Cash Flows (Continued)

Years Ended December 31, 2010 and 2009

		2010	2009	
Reconciliation of Net Operating Revenues (Expenses) to Net				
Cash Provided by Operating Activities				
Operating loss	\$	(2,070,396)	\$	(637,125)
Depreciation		617,794		490,603
Abatement of utilities by City		194,538		-
Changes in operating assets and liabilities				
Patient accounts receivable, net		661,859		403,520
Estimated amounts due from and to third-party payers		89,000		(630,000)
Accounts payable and accrued expenses		80,666		(226,683)
Supplies and prepaid expenses		19,697		(8,973)
Net cash used in operating activities	\$	(406,842)	\$	(608,658)
Supplemental Cash Flows Information				
Capital lease obligations incurred for capital assets	\$	528,000	\$	-

St. Luke's Hospital d/b/a Sumner Regional Medical Center A Component Unit of the City of Wellington, Kansas Notes to Financial Statements December 31, 2010 and 2009

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

St. Luke's Hospital d/b/a Sumner Regional Medical Center (the Hospital) is operated under the Healthcare Authority of the City of Wellington, Kansas (Authority). On June 7, 1994, the Governing Body of the City of Wellington, Kansas created the Authority to operate, control and manage all matters concerning the Hospital. The Governing Body of the City of Wellington, Kansas appoints members to the Board of Directors of the Authority. Under accounting principles generally accepted in the United States of America, the Authority and Hospital constitute a discretely presented component unit of the City of Wellington, Kansas (the City), for financial reporting purposes. The Hospital primarily earns revenues by providing inpatient, outpatient, skilled nursing and geriatric psychology services for the benefit of the community.

Basis of Accounting and Presentation

The financial statements of the Hospital have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (primarily federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Government-mandated nonexchange transactions that are not program specific such as intergovernmental revenue from sales taxes, interest income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The Hospital first applies restricted net assets when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

The Hospital prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). Pursuant to GASB Statement No. 20, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) that were issued on or before November 30, 1989, and do not conflict with or contradict GASB pronouncements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

St. Luke's Hospital d/b/a Sumner Regional Medical Center A Component Unit of the City of Wellington, Kansas Notes to Financial Statements December 31, 2010 and 2009

Cash Equivalents

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2010 and 2009, cash equivalents consisted of money market accounts.

Intergovernmental Revenue

The Hospital received approximately 2% in both 2010 and 2009 of its financial support from the proceeds of sales taxes levied for health care integration by the City and shared with the Hospital for hospital purposes. These funds were entirely used to support operations of the Hospital. In 2010 the City agreed to abate the utilities costs due to the City from approximately July 1, 2010 through December 31, 2010. The City has agreed to continue to abate the utilities through June 30, 2011.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Patient Accounts Receivable

The Hospital reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Hospital provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the Hospital bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method or market.

Notes to Financial Statements December 31, 2010 and 2009

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the Hospital:

Land improvements5-20 yearsBuildings5-40 yearsEquipment and major moveable equipment3-10 years

Compensated Absences

Hospital policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Net Assets

Net assets of the Hospital are classified in three components. Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net assets are noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the Hospital, reduced by the outstanding balances of any related borrowings. Unrestricted net assets are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt or restricted expendable.

Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts.

Notes to Financial Statements December 31, 2010 and 2009

Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

The Hospital provides charity care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

Income Taxes

As an essential government function of the City, the Hospital is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the Hospital is subject to federal income tax on any unrelated business taxable income.

Foundation

The Hospital is the beneficiary of Sumner Regional Medical Center Endowment Foundation (Foundation), a separate legal entity with its own board of trustees. The Foundation has legal title to all of the Foundation's assets. The Foundation is not a component unit of the Hospital and, thus, not reflected in the accompanying financial statements.

Subsequent Events

Subsequent events have been evaluated through May 31, 2011, which is the date the financial statements were available to be issued.

Note 2: Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. These payment arrangements include:

Medicare. Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge or billable service unit. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient skilled nursing services are paid at prospectively determined per diem rates that are based on the patient's acuity. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.

Notes to Financial Statements December 31, 2010 and 2009

Medicaid. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective reimbursement methodology.

Approximately 57% and 44% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2010 and 2009, respectively. Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Hospital has also entered into payment agreements with certain commercial insurance carriers and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Note 3: Deposits

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the state of Kansas; bonds of any city, county, school district or special road district of the state of Kansas or a surety bond having an aggregate value at least equal to the amount of the deposits.

At December 31, 2010 and 2009, respectively, \$1,249,375 and \$1,966,795 of the Hospital's bank balances of \$2,529,340 and \$3,542,901 were exposed to custodial credit risk as follows:

		010	2009		
Uninsured and uncollateralized	\$	-	\$	60,974	
Uninsured and collateral held by pledging financial					
institution's trust department or agent in other					
than the Hospital's name	1,0	036,737		1,188,401	
	\$ 1,	036,737	\$	1,249,375	

Notes to Financial Statements December 31, 2010 and 2009

Summary of Carrying Values

The carrying values of deposits shown above are included in the balance sheets as follows:

	2010	2009
Carrying value		
Deposits	\$ 2,259,614	\$ 2,606,653
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 1,073,202	\$ 1,530,467
Short-term certificates of deposit	1,045,388	1,027,700
Restricted cash - current	60,381	7,500
Noncurrent cash and cash equivalents	80,643	40,986
	\$ 2,259,614	\$ 2,606,653

Note 4: Patient Accounts Receivable

The Hospital grants credit without collateral to its patients, many of whom are residents and are insured under third-party payer agreements. Patient accounts receivable at December 31, 2010 and 2009, consisted of:

	2010			2009		
Medicare	\$	831,578	\$	1,039,856		
Medicaid		81,854		50,667		
Other third-party payers		909,971		1,075,428		
Patients		1,605,369		2,224,096		
		3,428,772		4,390,047		
Less allowance for uncollectible accounts		1,270,584	_	1,570,000		
	<u>\$</u>	2,158,188		2,820,047		

St. Luke's Hospital d/b/a Sumner Regional Medical Center A Component Unit of the City of Wellington, Kansas Notes to Financial Statements December 31, 2010 and 2009

Note 5: Capital Assets

Capital assets activity for the years ended December 31 was:

	2010								
	Beginning Balance	Additions	Disposals	Ending Balance					
Land Land improvements Buildings	\$ 115,142 314,007 6,667,583	\$ - - -	\$ - - -	\$ - - -	\$ 115,142 314,007 6,667,583				
Equipment Major moveable equipment Construction in progress	1,473,448 4,907,967 3,819	1,104,516 614,349 8,053	- - -	2,370 (2,370)	2,580,334 5,519,946 11,872				
	13,481,966	1,726,918			15,208,884				
Less accumulated depreciation									
Land improvements Buildings	301,432 5,230,521	3,711 174,640	-	-	305,143 5,405,161				
Equipment Major moveable	928,907	113,437	-	-	1,042,344				
equipment	4,019,808	326,006			4,345,814				
	10,480,668	617,794			11,098,462				
Capital Assets, Net	\$ 3,001,298	\$ 1,109,124	\$ -	\$ -	\$ 4,110,422				

Notes to Financial Statements December 31, 2010 and 2009

	2009									
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance					
Land Land improvements Buildings Equipment Major moveable equipment Construction in progress	\$ 115,142 314,007 6,538,034 1,468,629 4,550,997	\$ - 129,549 4,819 356,970 3,819	\$ - - - - -	\$ - - - - -	\$ 115,142 314,007 6,667,583 1,473,448 4,907,967 3,819					
	12,986,809	495,157			13,481,966					
Less accumulated depreciation										
Land improvements	297,720	3,712	-	-	301,432					
Buildings	5,056,751	173,770	-	-	5,230,521					
Equipment Major moveable	835,729	93,178	-	-	928,907					
equipment	3,799,865	219,943			4,019,808					
	9,990,065	490,603			10,480,668					
Capital Assets, Net	\$ 2,996,744	\$ 4,554	\$ -	\$ -	\$ 3,001,298					

Note 6: Medical Malpractice Claims

The Hospital purchases medical malpractice insurance which provides \$200,000 of coverage for each medical incident and \$600,000 of aggregate coverage for each policy year. The policy only covers claims made and reported to the insurer during the policy term, regardless of when the incident giving rise to the claim occurred. The Kansas Health Care Stabilization Fund provides an additional \$300,000 of coverage for each medical incident and \$900,000 of aggregate coverage for each policy year.

Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Hospital's claims experience, no such accrual has been made. It is reasonably possible this estimate could change materially in the future.

Notes to Financial Statements
December 31, 2010 and 2009

Note 7: Long-term Debt

The following is a summary of long-term debt transactions for the Hospital for the years ended December 31, 2010 and 2009:

			2010		
	Beginning Balance Additions		Deductions	Ending Balance	Current Portion
Long-term debt Public building commission bonds payable - 2007 Public building commission	\$ 820,000	\$ -	\$ 90,000	\$ 730,000	\$ 90,000
bonds payable - 2010 Capital lease obligations	<u>-</u>	1,175,000 528,000	70,400	1,175,000 457,600	65,000 105,600
	\$ 820,000	\$1,703,000	\$ 160,400	\$2,362,600	\$ 260,600
			2009		
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt Public building commission bonds payable	\$ 905,000	\$ -	\$ 85,000	\$ 820,000	\$ 90,000

Building Commission Bonds Payable - 2007

The Public Building Commission bonds payable consist of City of Wellington, Kansas Public Building Commission Revenue Bonds Series 2007 in the original amount of \$985,000 dated December 15, 2007, which bear interest at 3.30% to 3.65%. The bonds are payable in annual installments beginning December 1, 2009 through December 1, 2017. Semi-annual interest only payments are due beginning June 1, 2008 through June 1, 2017. The Hospital is required to make monthly deposits to the debt service account of approximately \$9,500. The bonds are secured by a pledge of the gross revenues of the Hospital and the restricted cash funds set aside under the bond documents.

Notes to Financial Statements December 31, 2010 and 2009

The debt service requirements as of December 31, 2010, are as follows:

Total to be						
Year Ending December 31,	Paid		Р	Principal		nterest
2011	\$	115,908	\$	90,000	\$	25,908
2012		117,802		95,000		22,802
2013		119,525		100,000		19,525
2014		121,025		105,000		16,025
2015		117,297		105,000		12,297
2016 - 2017		247,534		235,000		12,534
	\$	839,091	\$	730,000	\$	109,091

Building Commission Bonds Payable - 2010

The Public Building Commission bonds payable consist of City of Wellington, Kansas Public Building Commission Revenue Bonds Series 2010 in the original amount of \$1,075,000 dated March 1, 2010, which bear interest at 1.00% to 4.00%. The bonds are payable in annual installments beginning March 1, 2011 through March 1, 2025. Semi-annual interest only payments are due beginning September 1, 2010 through September 1, 2024. The Hospital is required to make monthly deposits to the debt service account of approximately \$8,100. The bonds are secured by a pledge of the gross revenues of the Hospital and the restricted cash funds set aside under the bond documents.

The debt service requirements as of December 31, 2010, are as follows:

Total to be							
Year Ending December 31,	Paid		F	Principal		Interest	
2011	\$	97,960	\$	65,000	\$	32,960	
2012		97,310		65,000		32,310	
2013		101,513		70,000		31,513	
2014		100,427		70,000		30,427	
2015		99,098		70,000		29,098	
2016 - 2020		496,909		380,000		116,909	
2021 - 2025		501,006		455,000		46,006	
	\$	1,494,223	\$	1,175,000	\$	319,223	

Notes to Financial Statements December 31, 2010 and 2009

Capital Lease Obligations

The Hospital is obligated under leases for equipment that are accounted for as capital leases. The cost of assets under capital leases at December 31, 2010 and 2009, totaled \$528,000 and \$0, respectively, with accumulated depreciation of \$70,713 and \$0, respectively. The following is a schedule by year of future minimum lease payments under the capital leases including interest at rates of 0%, together with the present value of the future minimum lease payments as of December 31, 2010:

Year Ending December 31,	
2011	\$ 105,600
2012	105,600
2013	105,600
2014	105,600
2015	35,200
Total minimum lease payments	457,600
Less amounts representing interest	 _
Present value of future minimum lease payments	\$ 457,600

Note 8: Restricted and Designated Net Assets

At December 31, 2010 and 2009, restricted expendable net assets were available for the following purposes:

	 2010	2009
Debt service Capital acquisitions	\$ 74,602 66,421	\$ 7,500 40,986
Total restricted expendable net assets	\$ 141,023	\$ 48,486

Note 9: Operating Leases

The Hospital has entered into various operating leases for equipment with terms ranging from one to five years. The leases require the Hospital to pay certain executory costs (property taxes, maintenance and insurance).

Notes to Financial Statements December 31, 2010 and 2009

Future minimum lease payments at December 31, 2010, were:

2011	\$ 469,743
2012	442,000
2013	166,338
2014	 7,752
	\$ 1,085,833

Rent expense for all operating leases was \$562,095 and \$624,101 for the years ended December 31, 2010 and 2009, respectively.

Note 10: Pension Plan

Plan Description

The Hospital contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the KPERS Board of Directors. Pension expense is recorded for the amount the Hospital is contractually required to contribute for the year. The plan provides retirement and disability benefits, including annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. The Kansas Legislature, with concurrence of the Governor, has the authority to establish and amend benefit provisions. The plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to KPERS at 611 South Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803, or by calling 1.888.275.5737.

Funding Policy

The authority to establish and amend requirements of plan members and the Hospital is set forth by the Kansas Legislature with concurrence of the Governor. Plan members are required to contribute 4% of their annual covered salary. The Hospital is required to contribute at an actuarially determined rate; the rate was 7.14%, 6.54% and 5.93% of annual covered payroll for 2010, 2009 and 2008, respectively. The Hospital's contributions to the plan for 2010, 2009 and 2008 were \$383,708, \$321,503 and \$294,842, respectively, which equaled the required contributions for each year. State law limits the Hospital's future contribution rate increases to a maximum of 0.6%.

St. Luke's Hospital d/b/a Sumner Regional Medical Center A Component Unit of the City of Wellington, Kansas Notes to Financial Statements December 31, 2010 and 2009

Note 11: Significant Estimates and Concentrations

Current Economic Conditions

The current protracted economic decline continues to present hospitals with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Hospital.

Current economic conditions, including the rising unemployment rate, have made it difficult for certain patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the Hospital's future operating results. Further, the effect of economic conditions on the government may have an adverse effect on cash flows related to the Medicare and Medicaid programs.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in allowances for accounts receivable that could negatively impact the Hospital's ability to meet debt covenants or maintain sufficient liquidity.

Note 12: Subsequent Event

Commitment Purchase of Software

In May 2011, the Hospital entered into a business agreement for the use of licensed software, sublicensed software and equipment and will be required to pay approximately \$2 million. The initial payment was due upon execution with the remaining balance due in quarterly installment payments through the year ended December 31, 2015.